

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

October 7, 2013
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Chelminiak, Davidson, Stokes¹ and Wallace

ABSENT: Councilmember Balducci

1. Executive Session

The meeting was called to order at 6:04 p.m., with Mayor Lee presiding. There was no Executive Session.

2. Study Session

- (a) Planning Commission Recommendation on Medical Cannabis Collective Garden Land Use Code Amendments

Acting City Manager Brad Miyake opened discussion regarding the proposed medical cannabis collective garden Land Use Code amendments. He recalled that the Council previously adopted interim zoning regulations to allow staff to work with the Planning Commission to develop permanent regulations.

Catherine Drews, Legal Planner, referred the Council to page 2-1 of the meeting packet for related materials. She recalled that the state legislature amended the Medical Cannabis Act in 2011. The amendment included regulations for dispensaries and Governor Gregoire vetoed most of the bill. However, regulations for medical cannabis collective gardens remained intact, creating a conflict with the federal controlled substances acts.

Ms. Drews said the City adopted an emergency ordinance on May 7, 2012, prohibiting collective gardens in residential land use districts. It allowed the gardens in the Light Industrial, Bel-Red General Commercial, General Commercial, and Medical Institution land use districts, and imposed a limit of one collective garden per tax lot. It required a 1,000-foot separation from uses associated with children. The emergency ordinance expires November 7, 2013 unless extended by the Council.

¹ Councilmember Stokes left at 6:54 p.m. due to illness.

Ms. Drews recalled that the Council directed the Planning Commission to develop recommendations for permanent regulations.

Diane Tebelius, Planning Commission Chair, presented the Commission's recommendation which amends the land use charts to allow collective gardens in the Light Industrial, General Commercial, and Bel-Red General Commercial districts. It establishes a new General Requirements section, LUC 20.20.526, and an administrative conditional use permit is required. The amendment requires a 1,000-foot separation from schools and other uses involving children.

Ms. Tebelius noted changes from the emergency ordinance as a result of the Planning Commission's review. The recommended LUCA eliminates the Medical Institution district to avoid unintended competition for the limited property available in that district. It describes the three land use districts where use is allowed in the Applicability Section. The amendment requires an operational security system at collective gardens and includes a release and hold harmless provision for the City.

Ms. Tebelius said she is a former federal prosecutor. She described the federal Department of Justice's guidance issued in August 2013 responding to the legalization of marijuana use in Colorado and Washington. She referred the Council to Attachment B beginning on page SS 2-21 of the meeting packet. The DOJ memorandum regarding marijuana enforcement specifies its enforcement priorities.

Ms. Tebelius drew attention to a statement at the bottom of the second page of the DOJ memorandum: "Jurisdictions that have implemented systems that provide for regulation of marijuana activity must provide the necessary resources and demonstrate the willingness to enforce their laws and regulations in a manner that ensures they do not undermine federal enforcement priorities." She believes that this is an important line, based on her experience as a federal prosecutor.

Ms. Tebelius highlighted an additional sentence on the third page of the DOJ memorandum (referring to medical marijuana vs. for-profit commercial enterprises): "In drawing this distinction, the Department relied on the common-sense judgment that the size of a marijuana operation was a reasonable proxy for assessing whether marijuana trafficking implicates the federal enforcement priorities set forth above." She believes this is an important statement to consider in establishing regulations for medical marijuana collective gardens. However, she noted that the next paragraph of the memo indicates that federal enforcement should not be based solely on an organization's size.

Ms. Tebelius opined that news articles have not provided a fully accurate report on the DOJ memorandum. It indicates that the Department will continue to use its resources to address the most significant threats to public safety related to marijuana. She said the passage of I-502 regarding recreational marijuana use has no impact, according to the City's legal department, on the state collective garden provision.

Ms. Drews said staff is requesting Council direction to return on October 21 with a final ordinance for adoption or to take alternative action.

Responding to Councilmember Davidson, Ms. Drews confirmed that state law addresses two separate uses of marijuana: medical marijuana and the regulated recreational marijuana industry. In further response, Ms. Drews said an individual or group could not grow or produce marijuana for both purposes. Recreational marijuana producers can sell only to a processor or retailer licensed by the State. A retailer cannot fill a medical marijuana prescription.

Deputy Mayor Robertson noted that collective gardens cannot be within 1,000 feet of other collective gardens. She questioned whether the City's Land Use Code should require a separation distance between medical and recreational grow operations.

Ms. Robertson said she attended the Planning Commission meeting and public hearing. Several individuals testified and there was a good, productive discussion by the Commission. The Commission had concerns that marijuana businesses should not be allowed in the Medical Institution district because they would compete with other traditional medical uses for the limited property available.

Ms. Robertson said she supports the collective gardens ordinance as written with one revision [Page 8 of 9 of ordinance on page SS 2-18 of meeting packet]. She suggested revising Item 6, which prohibits locating cannabis where it can be viewed or smelled from a "public place or way open to the public" to add "or from an abutting property." Responding to Ms. Tebelius, Ms. Robertson said she would like this to include abutting private property.

Ms. Robertson suggested, for the record, adding to the Council's state legislative agenda an item to focus on encouraging the streamlining and/or consolidation of medical marijuana and social use regulations. She noted that some cities have interpreted state legislation regarding medical marijuana collective gardens to include dispensaries. Ms. Robertson said the tax obligations are different between the two uses, and medical marijuana collective gardens are not licensed by the State Liquor Control Board. She would prefer one set of rules or greater clarification in the areas of confusion between the two sets of regulations.

Responding to Councilmember Chelminiak, Ms. Tebelius said the Planning Commission, in its discussion about the Medical Institution district, determined that it was a small area and did not want to combine medical marijuana uses within an area in which prescription drugs legal under federal law are sold.

In further response to Mr. Chelminiak, Ms. Drews said the collective gardens would be located in warehouses or smaller industrial spaces. The collective garden facility could also function as a place for patients to pick up their medical marijuana. Ms. Drews said staff anticipates applying the existing Sign Code for these facilities, as written and applied within land use districts.

Mr. Chelminiak observed that the security provision is not adequate, especially given the value of the product on the black market. Ms. Drews said the security measures in the recommended LUCA match the I-502 draft rules. She said she looked at regulations for traditional pharmacies and did not find any requirements on security measures, but she will research further.

Responding to Dr. Davidson, Ms. Drews said the Medical Cannabis Act does restrict the amount of cannabis a person can have in his or her possession at one time.

Councilmember Stokes suggested directing staff to bring back the ordinance for final action. He hopes the State will streamline regulations for the two types of marijuana uses. He thanked staff and the Planning Commission for their work on this issue.

Mayor Lee concurred with the security concerns raised by Councilmember Chelminiak.

Deputy Mayor Robertson observed there is a Council consensus that staff bring back an ordinance on October 21. She noted Council interest in more information on security requirements, adding language to prohibit cannabis plants where they can be viewed or smelled from abutting properties (including private properties), and information on whether to require the separation of medical and recreational marijuana growing facilities.

Councilmember Wallace expressed concern about the potential for a residential property being located next to a commercial property that is being used for a medical marijuana collective garden. Ms. Drews said the use would need to meet the underlying requirements of the transition zone, and the gardens must be located inside a building. Councilmember Wallace said there could still be issues with odor.

Ms. Robertson suggested that staff identify whether there are locations in which residential property abuts the districts allowed for medical marijuana gardens. She observed that her suggestion to add language prohibiting the ability to see or smell marijuana from abutting properties would address this concern. As an alternative, she asked staff to analyze the impact of adding residential property to the 1,000-foot separation provision.

Mayor Lee thanked staff and asked them to return with the requested information and proposed final ordinance.

Ms. Tebelius thanked Ms. Drews for her good work on this difficult issue and new area of regulation.

- (b) Consideration of staff recommendations related to adopting an interim zoning ordinance to impose interim land use regulations for recreational marijuana producers, processors, and retailers as allowed under I-502.

Mr. Miyake introduced discussion of regulations under I-502, which legalizes recreational marijuana production and usage.

Carol Helland, Land Use Director, said staff is requesting Council direction regarding the preparation of an emergency interim zoning ordinance addressing the appropriate land use zones for recreational marijuana producers, processors and retailers.

Ms. Drews recalled that I-502 was passed by the voters on November 6, 2012. It requires the Washington State Liquor Control Board to implement regulations by the end of the year. The

Board will license three uses: producers, processors and retailers. The Board will begin accepting license applications on November 18. The current schedule indicates that operations would begin in Spring 2014. These regulations do not impact medical cannabis use.

Ms. Drews said staff recommends an emergency interim zoning ordinance because there is not sufficient time to properly process a LUCA with the involvement of the Planning Commission by November 18.

Ms. Drews said the interim zoning recommendations are based on a review of the Comprehensive Plan and Land Use Code to determine compatibility with underlying land use zones and a review of existing uses in the Land Use Code for compatibility with marijuana producers, processors, and retailers.

The interim zoning regulations prohibit any I-502 licensed facilities in residential zones and prohibit I-502 retail uses as subordinate or ancillary uses. The latter is prohibited by the State Liquor Control Board unless there is a separate wall.

[Councilmember Stokes left the meeting at 6:54 p.m.]

Ms. Drews described the three types of licenses: producer, processor, and retailer. The State is regulating retailers similar to a liquor store. City staff suggest it is reasonable to locate retailers in the same zones as liquor stores as a Miscellaneous Retail Use, with limitations. Staff recommends prohibiting retailers in residential land use districts and the Medical Institution district, consistent with regulations for medical marijuana collective gardens.

For recreational marijuana producers and processors, staff suggests that the Planning Commission consider whether to limit production to indoors. Agricultural processing is currently allowed only in the LI district, while agricultural production is allowed more broadly. Staff recommends limiting both types of facilities to the LI district.

Ms. Drews said next steps are to seek Council direction to prepare an emergency interim zoning ordinance for Council action on October 21. Staff proposes preparing and presenting planning principles for Council consideration, which will be used by the Planning Commission to develop permanent regulations. The Commission's recommendations will ultimately be presented to the Council for final review and action.

Deputy Mayor Robertson thanked staff for their work and said that four retail licenses have been allocated to Bellevue. Responding to Ms. Robertson, Ms. Drews said the 11 at-large licenses for King County will go to unincorporated areas or to cities that currently do not have an allocation. Bellevue will have only four retail stores.

In further response to Ms. Robertson, Ms. Drews confirmed that it will likely be possible to limit producers to indoor growing. However, staff suggests following the State's rules for the emergency ordinance and using the time while the interim regulations are in place to explore the feasibility of other options. Ms. Robertson said she would prefer to require a structure and/or screening standards.

Ms. Helland said staff will look seriously at the preemption issue as part of the Planning Commission's recommendation of permit regulations. Staff conducted a zoning analysis for the emergency ordinance and will conduct the preemption analysis with the Planning Commission. Ms. Helland noted that outdoor growing is not considered to be viable for western Washington due to the climate and/or cost of land.

Deputy Mayor Robertson spoke in favor of adopting the emergency ordinance. Individuals are looking now for places to locate their businesses and it is important to let them know what Bellevue's regulations are likely to be. She would prefer to start out being more restrictive on where to allow them and believes the LI district is appropriate for production and processing.

Ms. Robertson said she does not want the transfer of the finished product to be visible to children or the general public, in part due to security concerns. She is uncomfortable with allowing retailers in the Neighborhood Business zone. She would like more information on the Downtown districts regarding the visibility of products and the number of retail outlets that could be accommodated given the 1,000-foot separation rule.

Ms. Robertson said the City might want to modify the Sign Code for these businesses. She requested information on the State's draft rules pertaining to signage. She thanked staff for their work on this issue.

Councilmember Chelminiak reiterated his security concerns: How will the product/s be secured? Should the City establish security requirements?

Responding to Mayor Lee, Ms. Drews said the state law provides an incentive for the combined producer/processor license in the form of a tax break.

In further response to Mr. Lee regarding her earlier reference to preemption, Ms. Helland said it is possible that the Liquor Control Board will have the authority to occupy the regulatory field with regard to recreational marijuana. If that is the case, the City's ability to regulate may be foreclosed. She suggested the City focus on regulating those areas in which the State has not yet occupied with its own regulations. She said that is what she meant by the phrase preemption.

Ms. Helland said it is clear that the State has occupied the licensing field, and the State also provides signage guidelines. The City will need to evaluate whether it has any authority to regulate signage beyond the State's rules. Responding to Mayor Lee, Ms. Helland said staff will continue its legal analysis to identify areas that are eligible for regulation by the City.

Councilmember Wallace noted his ongoing concern regarding odors associated with marijuana production. His understanding is that odor problems are addressed through the Nuisance Code. He suggested exploring a more strict code such as the City of Seattle's. Ms. Helland suggested approaching it in the same way as discussed for medical marijuana, which is to prohibit the odor from affecting abutting private and public property.

Responding to Deputy Mayor Robertson, Ms. Helland referred to page SS 2-29 of the meeting packet for a list of uses protected by the 1,000-foot separation rule: schools, playgrounds, recreation center or facility, public parks, libraries, child care centers, public transit centers, and game arcades.

Responding to Mayor Lee, Ms. Helland said staff will bring an ordinance for Council consideration on October 21 as well as responses to issues raised by the Council this evening. Upon adoption of the emergency ordinance, a public hearing is required within 60 days. The Council and staff will discuss draft principles and develop a work plan for the Planning Commission's review at the time of the public hearing.

(c) Downtown Transportation Plan Recommendations

Mr. Miyake opened discussion regarding the Downtown Transportation Plan and the Transportation Commission's recommendations regarding the Plan.

Mayor Lee welcomed Commissioner Scott Lampe and staff, and apologized for postponing this item from the September 23 agenda.

Transportation Director Dave Berg said the Downtown Transportation Plan update is coordinated with work on the Downtown Livability Initiative to identify policies and project descriptions for the Downtown Subarea Plan and the Downtown Land Use Code. The purpose of tonight's item is to review the recommended mobility options for the Downtown Transportation Plan update and to receive Council direction regarding policies, projects, and Land Use Code amendments. Mr. Berg noted that Ernie Simas is both Chair of the Transportation Commission and Co-Chair of the Downtown Livability Initiative Steering Committee.

Scott Lampe, Vice Chair of the Transportation Commission, said that Vic Bishop of the Transportation Commission was also present in the audience.

Mr. Lampe briefly summarized the handout of the Commission's recommendations for the Downtown Transportation Plan, which includes mobility options to meet every user's needs. He said the DTP and the Downtown Livability Initiative will be integrated and submitted as a package for the Council's consideration. The Commission recommends investments in pedestrian facilities that make it easier and more attractive for moving throughout the Downtown. Mr. Lampe said the Commission believes that transportation infrastructure needs to be congruent with the type of land use growth anticipated.

Kevin McDonald, Senior Planner, described the extensive public involvement process during the past two years including walking and bike tours, open houses, presentations to community and business groups, seven City Council briefings, 25 Transportation Commission meetings, presentations to professional associations, and information provided on the City's web site.

Mr. McDonald reviewed the Planning Principles adopted by the Council on February 6, 2012. He reported on Downtown population and employment growth since 1990 and presented the 2030 forecast. Mr. McDonald said daily person trips are expected to increase from 385,000 in

2010 to 665,000 in 2030. Downtown mobility options are organized into four categories: vehicles, transit, bicycles, and pedestrians.

Responding to Councilmember Wallace, Mr. McDonald confirmed that average intersection vehicle delay and level of service projections assume the completion of Phase 2 of the I-405 Master Plan.

Mr. McDonald described anticipated roadway capacity under the 2030 Baseline and the 2030 Build alternatives. Responding to Councilmember Davidson, Mr. McDonald confirmed that the scenarios do not include a new interchange at NE 2nd Street. However, it does reflect the widening of NE 2nd Street.

Mr. McDonald described options for on-street parking including permanent or off-peak parking, potentially with pay parking. Responding to Dr. Davidson, Mr. McDonald said this analysis looked only at parking capacity and not at the impact of parking maneuvers on traffic throughput. In further response, he said that bus layover spaces are in effect 24 hours per day. He said the subject of pay parking was discussed during the last budget cycle.

Deputy Mayor Robertson said she recalled when the pay parking issue came up as budget proposal. However, she does not remember all of the details of that discussion. She does not want to discourage customers from going to certain businesses, especially where there is street parking in Old Bellevue. If pay parking is to be considered, she would like an analysis to determine the right amount to charge and the appropriate hours for pay parking. She does not want to create negative impacts for stores and restaurants.

Responding to Mayor Lee, Mr. McDonald said the analysis has identified the potential for designating more parking spaces through striping and better configurations of the existing capacity. He described other curbside uses including loading zones, taxi stands, electric vehicle charging stations, passenger loading, bike parking, and potential special event uses.

Moving on, Mr. McDonald described issues related to transit mobility including coverage, speed, reliability, capacity, access, comfort, and public information. Current modeling indicates that Bellevue needs a five-fold increase in transit service by 2030.

Responding to Councilmember Davidson, Mr. McDonald said that expanded transit service within and around the Downtown could eliminate the need for a separate Downtown Circulator as has been discussed in the past.

Responding to Ms. Robertson, Mr. McDonald confirmed that there is mutual integration between this planning effort and the Transit Master Plan.

Mr. McDonald moved to discuss bicycle mobility. He noted a map of bicycle infrastructure within the Downtown and to and from areas outside of the Downtown.

Following brief discussion, Mayor Lee indicated that the presentation would continue during the Regular Session. He thanked the Transportation Commission for their work.

Commissioner Lampe thanked staff for all of their work and support of the Transportation Commission.

At 8:01 p.m., Mayor Lee declared recess to the Regular Session.

Myrna L. Basich, MMC
City Clerk

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CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

October 7, 2013
8:00 p.m.

Council Chamber
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson, and Councilmembers Chelminiak, Davidson and Wallace

ABSENT: Councilmembers Balducci and Stokes

1. Call to Order

The meeting was called to order at 8:08 p.m., with Mayor Lee presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers except Councilmembers Balducci and Stokes were present.

Deputy Mayor Robertson led the flag salute.

(a) State of the County Report

King County Councilmember Reagan Dunn provided an update on the proposed 2014 King County Budget, King County Metro's reduced transit service, the King County Flood Control District, King Conservation District, sewer capacity charge, and solid waste issues.

Councilmember Dunn noted that Bellevue recently received approximately \$200,000 from the Flood Control District to accelerate work on Coal Creek flooding issues. He described the County's work to address flooding and fluctuating water levels on Lake Sammamish as well.

With regard to the King Conservation District, Mr. Dunn said he is overseeing a review and reform of certain programs. He thanked Joyce Nichols and Alison Bennett, Bellevue staff, for their participation in this regional process and said they have served the City well on the King County task force. Councilmember Dunn said that Councilmembers Davidson and Stokes have been involved in discussions as well.

Deputy Mayor Robertson thanked Councilmember Dunn for the update. She commented on the Lake Sammamish flood control project and said it is important to maintain water levels and the ability for boats to navigate. On behalf of homeowners, Bellevue has advocated that King County honor its agreement with the U.S. Army Corps of Engineers with regard to maintenance.

Councilmember Dunn said the project is a high priority for him. Vegetation has been removed and the County will continue to monitor the situation. Ms. Robertson acknowledged that the work to date appears to be helping to stabilize water levels.

Councilmember Wallace cautioned that the sewer capacity charge, which is the fee paid when new customers connect to the sewer system, and cost controls in solid waste operations affect the overall regional economy. He asked Councilmember Dunn to comment on law enforcement and jail operations. Mr. Dunn said the southeast precinct was reduced a couple of years ago but has been restored, with four officers, in the 2014 budget. The County is also expanding its reserve officer program using volunteers.

Mayor Lee commented on the importance of transit services for Bellevue.

Councilmember Dunn noted that he and the Mayor both served on the Regional Transit Task Force, which identified \$140 million in annual savings through enhanced efficiencies. Mr. Dunn believes there is a need for the state legislature to allow local transit options.

(b) International Walk to School Day Proclamation

Mayor Lee read a proclamation recognizing International Walk to School Day in Bellevue on October 9. Kam Szabo, representing the Sherwood Forest PTA, and Heidi Schmitt, representing the Newport Heights PTA, thanked the City for the proclamation.

Ms. Szabo said the Sherwood Forest PTA received a grant from the Seattle Foundation last year in support of health initiatives, which was used to buy pedometers for all students. She thanked the City for the human services grant to Sherwood Forest school and said the PTA is working hard to bring the Wrap Around Services program to their school.

Ms. Schmitt thanked the City for the proclamation and for organizing the web site and promotional materials to celebrate Walk to School Day.

Deputy Mayor Robertson suggested that the guests provide their contact information to staff to be added to the email list used for the human services grant applications and advocacy process.

3. Communications: Written and Oral

- (a) Ellie Schroeder asked the Council to reconsider its decision granting the solid waste collection contract to Republic Services. She said CleanScapes had a lower bid and scored higher on the City's quantitative and qualitative standards. Ms. Schroeder said the

Bellevue Reporter stated that bidders and associated agents are not to have contact with the Council before a contract vote. She said Republic Services hosted fundraising events for Mayor Lee and Councilmembers Davidson and Wallace in July. She asked the Council to do what is right and ethical for the City.

(b) Morris Howland said he believes the City Council erred in its selection of the solid waste collection vendor. He said CleanScapes was the low bidder, and the Council's criteria indicated that the final decision was to be 80-percent based on cost. He asked the Council to reconsider its decision.

4. Reports of Community Council, Boards and Commissions: None.

5. Report of the City Manager

(a) Downtown Transportation Plan Recommendations [Continued from earlier Study Session]

Acting City Manager Brad Miyake said this agenda item continues the Downtown Transportation Plan presentation from the earlier Study Session.

Kevin McDonald, Senior Planner, described the Downtown bike facilities plan, bike parking recommendations, and plans for the Pedestrian Corridor which accommodate pedestrians as well as wheeled users. He noted a recommendation from the Downtown Livability committee to consider ways to demarcate uses on the pedestrian corridor.

Mr. McDonald moved to the pedestrian mobility component of the overall Downtown Transportation Plan. He described the recommended types of crosswalks and mid-block crossings. The Transportation Commission recommends grade-separated mid-block crossings at certain locations. Mr. McDonald described potential downtown sidewalk and landscaping elements.

Deputy Mayor Robertson said she would like a comparison analysis of planting strips and trees versus street trees and grates with regard to the maintenance challenges and costs.

Moving on, Mr. McDonald said the issue of pedestrian through-block connections has been referred to the Downtown Livability Initiative. Based on feedback from residents, staff recommends a more robust wayfinding system and perhaps common design elements to indicate that they are public spaces. He noted that some of these areas are not currently ADA compliant.

Deputy Mayor Robertson said she saw, on her recent Sister Cities trip, sidewalks with ridges designed to guide visually impaired individuals using canes. Mr. McDonald said staff will look into this type of treatment.

Councilmember Davidson said that elevators and other amenities make it easier for pedestrians with disabilities who cannot use stairs or are otherwise challenged. He suggested it would be good to have a pedestrian map of these facilities. Mr. McDonald agreed that would be helpful and said he will see if such a map exists.

Mayor Lee said it is important to also consider weather protection in designing pedestrian amenities. Mr. McDonald confirmed that the Downtown Livability Initiative is addressing weather protection.

Mr. McDonald summarized the list of topics that the Transportation Commission suggests referring to the Downtown Livability Initiative: loading zones, transit passenger comfort and information, on-site bicycle facilities, alternative sidewalk widths, curbside landscaping, through-block connections and Pedestrian Corridor design components.

Next steps in the Downtown Transportation Plan update are ongoing community outreach and the Transportation Commission's preparation of Downtown Subarea Plan policy language and project descriptions. That will ultimately lead to the integration of the DTP and Downtown Livability work in the Subarea Plan and Land Use Code. Recommendations will be reviewed by the Planning Commission and the City Council before final Council action.

Mayor Lee thanked staff and the Transportation Commission for their work.

Councilmember Wallace thanked staff for the comprehensive report. He attended some of the Commission's meetings and appreciates the extensive work of the Transportation Commission and staff. Responding to Councilmember Wallace, Mr. McDonald said the baseline assumption through this work is the existing Land Use Code. He acknowledged that Land Use Code changes could necessitate changes in the transportation plan.

Mr. Wallace observed that this would be a good time to look at the impacts of doing or not doing certain projects, particularly the I-405 Master Plan improvements. He believes it could benefit the City to present this type of data to the state legislature.

Responding to Mr. Wallace, Mr. McDonald said significant changes in vehicle technology, such as driverless cars, have not been incorporated into the modeling. However, the Downtown Transportation Plan does include elements of traffic signal operations and electronic communications to drivers (i.e., alerts regarding traffic/parking conditions). The Plan is updated on an ongoing basis.

Mayor Lee questioned whether intelligent transportation systems would be feasible and/or beneficial for I-405. Mr. McDonald said that analysis is not within the scope of this update.

Councilmember Chelminiak observed that it is important to complete the braided ramps project at NE 10th Street and SR 520. With regard to technology, he said that ways to communicate with drivers can have a fairly significant positive impact to the overall transportation system.

Mr. Chelminiak thanked staff and the Transportation Commission for recommending a balanced plan of mobility modes.

6. Council Business and New Initiatives

Councilmember Chelminiak reported on his participation in discussions about diversity with the Bellevue Essentials class.

Councilmember Davidson attended meetings of the Regional Water Quality Committee and the Municipal Water Pollution Abatement Advisory Committee (MWPAAC).

Councilmember Wallace attended the Wilburton traffic mitigation meeting and the Seattle Chamber of Commerce lunch.

Deputy Mayor Robertson reported on her trip to two of Bellevue's Sister Cities in Eastern Europe: Liepaja, Latvia and Kladno in the Czech Republic. Both have recently had 20th anniversaries in their Sister Cities relationships with Bellevue. She highlighted elements of each city. Liepaja is developing a performing arts center and Kladno recently adopted Bellevue's Service First model.

Ms. Robertson said the Lord Mayor of Kladno is coming to Bellevue next year. She noted that an Amazon facility is opening soon in Kladno. She displayed gifts received from both Sister Cities.

Mayor Lee participated in the Bellevue Essentials class, the Washington State China Relations Council annual banquet, Global Career Day, Bellevue Chamber of Commerce dinner, and King County small business award dinner. He met with a group of Japanese exchange students at City Hall. He met with Congressman Adam Smith and with Tana Senn, the new state legislator for the 41st District.

Mr. Lee attended the open house held by Intellectual Ventures in the Bel-Red corridor.

Mayor Lee said Governor Inslee is visiting China in November. He would like staff to compile economic development materials related to Bellevue for the Governor to take on his trip.

7. Approval of the Agenda

→ Deputy Mayor Robertson moved to approve the agenda, amended to remove Item 15(a), Executive Session. Councilmember Chelminiak seconded the motion.

→ The motion to approve the agenda, as amended, carried by a vote of 5-0.

8. Consent Calendar

→ Deputy Mayor Robertson moved to approve the Consent Calendar, and Councilmember Chelminiak seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 5-0, and the following items were approved:

- (a) Minutes of September 3, 2013 Study Session
Minutes of September 3, 2013 Regular Session
Minutes of September 9, 2013 Extended Study Session
Minutes of September 16, 2013 Study Session
Minutes of September 16, 2013 Regular Session
- (b) Resolution No. 8632 adopting "Bridle Trails Corner Park" as the name for the new neighborhood park at the corner of NE 24th Street and 134th Avenue NE.
- (c) Resolution No. 8633 authorizing execution of a Professional Services Agreement with CM Design Group LLC, in an amount not to exceed \$273,090, to provide Engineering Plans, Specifications, Estimates (PS&E) and Maximum Extent Feasible (MEF) Documentation for the 2014 Americans with Disabilities Act (ADA) Upgrades for Overlay Program.
- (d) Motion to award Bid No. 13202, 2013 Pedestrian Facilities Compliance Program, to Road Construction Northwest LLC, as lowest responsible and responsive bidder, in the amount of \$57,625.00 (CIP Plan No. PW-W/B-49).
- (e) Motion to award Bid No. 13158 for AC Water Main Replacement (2013) - Phase 3, to Kar-Vel Construction, as lowest responsible and responsive bidder, in the amount of \$1,454,804.96 (CIP Plan No. W-16).
- (f) Motion to award Bid No. 13163 for PRV Replacement 2013 - Phase 1, to Bonner Brothers Construction, Inc., as lowest responsible and responsive bidder in the amount of \$475,016.48 (CIP Plan No. W-67).

9. Public Hearings: None.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions

- (a) Ordinance No. 6129 authorizing an interfund loan from the Utility Capital Investment Program Fund to the General Capital Investment Program Fund in an aggregate amount not to exceed \$30,000,000 for the purpose of providing interim financing for projects included in the City's Capital Investment Program.

Finance Director Jan Hawn recalled previous discussions regarding proposed cash flow borrowing to respond to the loss of revenues, increased costs, and East Link obligations. Staff recommends an interfund loan of up to \$30 million. The funds would be used only as needed to implement the current Capital Investment Program (CIP) Plan, which is historically front-loaded in terms of projects and expenditures.

Ms. Hawn said the interfund loan will be repaid within the existing CIP Plan dollars. Taking this action now allows the mid-biennium budget process beginning on November 1 to focus on the operating budget.

Mayor Lee thanked staff for their thorough review of cash flow options. He expressed support for the proposal which will provide opportunities for cost savings by expediting certain projects.

Councilmember Chelminiak said he hopes the City and Sound Transit will be able to coordinate certain transportation investments involving both roadways and light rail.

Councilmember Wallace said he wants to be on record as supporting the 120th Avenue and 124th Avenue projects, as mentioned by Mr. Chelminiak. Mr. Wallace said there needs to be a cost-sharing agreement between the City and Sound Transit for the appropriate projects. He believes there should be fairly significant potential savings with that approach. Mr. Wallace supports the proposal for cash flow borrowing and the Transportation Director's recommendations for expediting certain projects.

Councilmember Davidson expressed support for the proposed loan arrangement to help accelerate certain projects and achieve savings.

Deputy Mayor Robertson said she supports the proposal. She said this type of borrowing is routinely used by the City and businesses, and she feels comfortable that the money will not be used unless needed. Interfund loans are repaid within the City with interest.

→ Deputy Mayor Robertson moved to adopt Ordinance No. 6129, and Councilmember Wallace seconded the motion.

→ The motion carried by a vote of 5-0.

- (b) Motion to award Bid No. 13021, NE 4th Street Extension - Phase 1, 116th Avenue NE to Burlington Northern Santa Fe Rail Road (BNSF) right-of-way, to KLB Construction, Inc., as the lowest responsible and responsive bidder, in the amount of \$3,946,462.67 (CIP Plan No. PW-R-160).

Acting City Manager Brad Miyake noted that Transportation Director Dave Berg was available to answer questions regarding Bid No. 13021 for the NE 4th Street Extension project. Mr.

Miyake said the bid is \$700,000 below the Engineer's Estimate.

→ Deputy Mayor Robertson moved to award Bid No. 13021, and Councilmember Wallace seconded the motion.

→ The motion carried by a vote of 5-0.

- (c) Resolution No. 8634 authorizing execution of an amendment to the Professional Services Agreement with Kenyon Disend, PLLC to increase the total contract amount from \$250,000 to \$500,000 for legal services and representation in property acquisitions and/or eminent domain proceedings for multiple parcels located at NE 4th Street.

Mr. Miyake said that Deputy City Attorney Kate Berens was available to answer questions.

Deputy Mayor Robertson said this contract increase includes attorney's fees and expert witness fees.

→ Deputy Mayor Robertson moved to approve Resolution No. 8634, and Councilmember Wallace seconded the motion.

→ The motion carried by a vote of 5-0.

Councilmember Wallace congratulated Transportation staff for reaching a major milestone with the NE 4th Street project.

Mayor Lee concurred and thanked staff as well.

12. Unfinished Business: None.

13. Continued Oral Communications

Alex Zimmerman, StandUP-America, expressed concern about red light camera fines taking money from citizens. He expressed concern that the poor and immigrants receive tickets and have trouble paying. He would like the option of providing work instead of payment. Mr. Zimmerman said elected officials are corrupt. He would like the City Manager to hold monthly sessions with citizens.

14. New Business: None.

15. Executive Session

- (a) Potential Litigation

[Removed under Agenda Item 7.]

16. Adjournment

At 9:55 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

October 14, 2013
6:00 p.m.

Council Chambers
Bellevue, Washington

PRESENT: Mayor Lee, Deputy Mayor Robertson and Councilmembers Balducci, Chelminiak, Davidson, Stokes, and Wallace

ABSENT: None.

1. Executive Session

At 6:00 p.m., Deputy Mayor Robertson called the meeting to order, and declared recess to Executive Session for approximately 45 minutes to discuss one item of pending litigation.

The meeting resumed at 6:53 p.m., with Mayor Lee presiding.

2. Oral Communications

- (a) Doug Hoople, Chair of the Veterans Levy Oversight Board, provided copies of the 2012 annual report for the Veterans and Human Services Levy. He described several of the services funded through the levy including employment and housing assistance, mental health programs, and programs for sexual assault victims. He noted the performance management report of services provided and program outcomes within the annual report.
- (b) Lucia McCredie said she was required to give a speech as part of a class she is taking in self governance. She described the instability of the stock market and commented on the repeal of the Glass-Steagall Act, which regulated banking, during the Clinton presidency.
- (c) Rob Cash, a resident of South Bellevue, brought his son and daughter with him to testify. He asked the City to restrict the use of marijuana to the fullest extent possible. He said a neighbor is growing medical marijuana in his backyard along the fence near his children's play set, and the individual spends time in his backyard smoking marijuana. Mr. Cash said the neighbor has had past legal problems with drugs and is known to law enforcement. Mr. Cash said the Police have told him they cannot do anything about the

neighbor due to the new marijuana laws. He presented his comments in writing, including photos showing the marijuana plants in relationship to his fence and children's play set.

Councilmember Chelminiak suggested passing the comments along to staff who are working on drafting the City's medical and recreational marijuana regulations.

- (d) Betty Nokes, Bellevue Chamber of Commerce, provided an update on a youth business program called the Young Entrepreneurs Academy (YEA) and an online local e-commerce solution called The Eastside Marketplace. Approximately 1,800 youth have participated in the YEA program nationally but this is the first program in Washington. The Eastside Marketplace is a free program for Chamber members in Bellevue, Issaquah and Kirkland, with businesses paying a small fee only when they sell. Non-Chamber members are allowed to participate by paying an annual activation fee.
- (e) Patrick Bannon, Bellevue Downtown Association (BDA), summarized the organization's mission and focus of promoting Downtown Bellevue as attractive place for retail, business and residential activity. He thanked the Council for its discussion of economic development on the evening's agenda.
- (f) Geoff Deane, Vice President and General Manager of Intellectual Ventures Laboratory, said the research facility is involved in developing inventions and technologies. The company is located in the Bel-Red corridor and is being displaced by light rail. He thanked Mayor Lee for coming to their open house. Mr. Deane said they are exploring options for relocating the business and would like to stay in Bellevue. He said City staff have been very helpful in assisting with potential relocation and permitting issues.

Mayor Lee said he enjoyed visiting the facility and learning about an invention that uses laser technology to fight mosquitos.

3. Study Session

- (a) Council Business and New Initiatives

There was no discussion.

- (b) Human Services Commission's Recommendations for 2014 Community Development Block Grant (CDBG) Funds

Acting City Manager Brad Miyake opened discussion regarding the 2014 Community Development Block Grant (CDBG) funds. He welcomed Michael Yantis, Chair of the Human Services Commission.

Terry Smith, Assistant Director of Parks and Community Services, noted additional commissioners in the audience. He reported that grant funding for 2013 increased slightly by 0.5 percent, and jurisdictions are anticipating that 2014 allocations will be reduced. Other CDBG

funding includes loans repaid to the City's major home repair program (approximately \$200,000 in 2014) and additional funds not expended from previous years (approximately \$100,000). Home repair loan repayment levels are difficult to predict. Therefore, the Commission did not offer a competitive application process for capital facility projects and recommends maintaining support for core CDBG-funded programs.

Emily Leslie, Human Services Division Manager, said that CDBG funding has largely been decreasing since 2005, with minor exceptions in 2009 and 2010. It has remained flat since 2012 and the decreased value is more pronounced when adjusted for inflation. She recalled that three categories of projects are funded by the CDBG program: 1) Projects involved with the acquisition or improvement of real property (capital funding), 2) Administration and planning activities related to CDBG funding, and 3) Public service programs and ongoing operational costs of programs serving low- and moderate-income residents.

Commissioner Yantis said the Commission is recommending a package totaling \$873,803: \$573,803 in federal CDBG allocations to the City and \$300,000 in estimated home repair program loan repayments. With the uncertainty of this funding, the Commission is including a funding contingency plan with their base recommendations which are detailed in Attachment A in the meeting packet [Page 3-5]. The Commission recommends, given the demand for the home repair program, that any extra funding be allocated to that program first. Recommendations include an allocation to the ARCH (A Regional Coalition for Housing) Trust Fund.

Mr. Yantis said the funding recommendations must be submitted to the U.S. Department of Housing and Urban Development (HUD) by November 15, 2013.

Councilmember Wallace, as Council liaison, thanked Mr. Yantis and the Human Services Commission for their work. He noted that this is just one funding source and one component of the Commission's work.

Responding to Councilmember Stokes, Ms. Leslie said the major home repair program helps to properly maintain the housing stock, especially for older adults who have lived in the community for a long time. It helps to keep residents in their homes and aging in place. The Senior Services minor home repair program is a companion program. Mr. Stokes observed that this provides a broader community benefit of maintaining neighborhoods and quality of life.

Responding to Mayor Lee, Ms. Leslie said the average major home repair is \$10,000 to \$15,000 and the funds must be used for health and safety repairs (e.g., roofing, electrical). The CDBG grant is the only source of funding for the home repair program. The City cannot use its General Fund dollars for this program because the repair program is making loans and accepting repayment.

Responding to Councilmember Balducci, Ms. Leslie said the City has not conducted a competitive process for these funds in recent years because funding has consistently decreased and the City wants to sustain the long-term providers. The City has not wanted to encourage

organizations to submit proposals when funding is not likely available. The City did not receive its 2013 award until August.

Councilmember Balducci thanked staff and the Commission for their work.

Responding to Councilmember Davidson, Ms. Leslie said the City's budget includes approximately \$3.5 million for human services. He said he wanted to mention for the public that this is one portion of the City's human services funding.

(c) Progress Report: Economic Development Strategic Planning

Mr. Miyake introduced discussion regarding the City's economic development strategic planning. He recalled that, earlier in the year, the Council endorsed the development of an economic development strategic plan with the goal of identifying priorities for the City's economic development efforts in the coming three to five years. Since that time, the City hired Berk Consulting to assist staff in the development of the plan.

Chris Salomone, Director of Planning and Community Development (PCD), highlighted current development activity in Bellevue and reviewed the strategic plan project schedule. A draft strategic plan will be provided to the Council in November, and staff anticipates adoption of the final plan by Spring 2014. He noted that funding and scheduling infrastructure projects to support development will be part of the analysis.

Tom Boydell, Economic Development Manager, said one component of developing a strategic plan is to integrate findings from stakeholder outreach, data analysis, and anecdotal information about businesses to document the community's overarching strengths and challenges. He highlighted strengths and challenges including geography, transportation, housing, demographics, education, real estate, business climate, and quality of life amenities.

Mr. Boydell described the stakeholder engagement process, which is intended to complement the quantitative analysis with a diversity of on-the-ground perspectives. Approximately 40 initial phone interviews have been completed. Key partners include the Bellevue Chamber of Commerce, Bellevue Downtown Association, Meydenbauer Center, Economic Development Council, Bellevue School District, and Bellevue College. Key business clusters targeted during the initial outreach include information technology, business services, retail, and tourism. Supplementary clusters to be addressed in the future are aerospace, life sciences, education, and foreign investments.

Dan Stroh, Planning Director, noted that this is a work in progress. He recalled that the Council requested periodic updates leading up to the draft economic development strategic plan. He described a graphic representation of Bellevue's key economic clusters.

Mr. Boydell described the information technology sector. He highlighted the changing demographics and the elements that would make the Downtown environment more appealing for certain businesses and workers. He commented on the need for superior telecommunications

infrastructure, which is critical for supporting Amazon and other new companies located in the South Lake Union area of Seattle.

Mr. Boydell described the business services cluster and its competitiveness within the region. Bellevue's challenges include the need for reasonably priced office space and affordable workforce housing.

Mr. Boydell summarized Bellevue's strong retail cluster and tourism/visitors cluster. He noted a perception by some that Bellevue is unaffordable and suggested this may warrant further study in terms of how it might relate to the long-term economic development strategy.

Mr. Stroh commented on county and local employment, and noted that a higher share of service jobs are located on the Eastside compared to Seattle. He described job growth in Bellevue from 1995 (106,190) to 2012 (138,904).

Councilmember Chelminiak asked staff to check on whether that includes construction employment.

Mr. Stroh described employment concentrations by industry sectors. Information Technology employment has increased the most from 2000 to 2010, and the business services sector has grown significantly as well.

Mr. Stroh described a bar graph of Bellevue business openings, by type of business, since the 1980s.

Responding to Deputy Mayor Robertson, Mr. Stroh said staff can provide statistics on business closings as well.

Mr. Stroh compared retail, food and accommodations taxable retail sales (per capita) among jurisdictions in 2012, noting that Bellevue's are among the highest in the region.

Councilmember Stokes said it was somewhat surprising to see that Woodinville's and Issaquah's taxable retail sales are nearly as high as Bellevue's.

Ms. Robertson questioned whether this is related to both cities having large Costco stores. She believes it would be helpful to understand why Woodinville and Issaquah have such high retail sales, and how this might determine what type of sales Bellevue wants to foster.

Mr. Stroh said one factor is the amount of commercially zoned property relative to a small population base.

Staff said that Bellevue, as a larger city, stands out strong in terms of per capita taxable retail sales. Woodinville has a relatively small population and a high percentage of big box retailers. Similarly, taxable retail sales per capita in Lynnwood and Tukwila are nearly twice as high as Bellevue.

Mr. Stroh described a bar graph depicting person-expenditures in Bellevue by industry in 2012.

Responding to Councilmember Balducci, Mr. Stroh said the data essentially reflects Bellevue's relative share of expenditures in different categories when compared to other cities statewide.

Mr. Boydell said the graph reflects that sales of apparel, autos, electronics and appliances are disproportionately high in Bellevue. This indicates that these businesses are attracting customers from outside of the area.

Councilmember Davidson observed that more higher-end auto sales occur in Bellevue compared to other areas.

Deputy Mayor Robertson said this is an interesting but confusing graph. She suggested that reporting and comparing per capita sales by category would be more meaningful.

Responding to Councilmember Wallace, Mr. Boydell said the graph of person-expenditures represents the categories with the highest levels of sales in Bellevue, but it does not report all sales.

Brian Murphy, Project Manager with Berk Consulting, summarized the needs and opportunities identified through the stakeholder outreach process. He said he conducted approximately one-third of the stakeholder interviews and the effort was well received. Businesses and participants were pleased to hear that the City is conducting economic development strategic planning.

Mr. Murphy said those interviewed identified many strengths within Bellevue including the local economy, school district, and the City's parks and community services. People spoke favorably of both the Downtown and neighborhoods. He heard a great deal of interest in a variety of living environments and a diverse range of built environments. Younger workers want a more urban feeling in the Downtown as well as more character in terms of arts, culture, restaurants, and the built environment.

Mr. Murphy said that transportation is critical for supporting the community. He spoke about the role of education and continuing to provide the talent to support technology-related businesses. He talked about attracting people worldwide to Bellevue based on its reputation for education and technology.

Responding to Councilmember Davidson, Mr. Murphy concurred that there is a great deal of potential in Bellevue for entrepreneurs who are well educated and have the necessary resources.

Mr. Murphy said he heard a number of comments suggesting that Bellevue needs to promote itself regionally and internationally. He believes some of that can be done by the City, and some can be accomplished regionally. He heard favorable comments about the business climate in general, including its relatively low tax rates.

Mr. Murphy said the work ahead is to develop a focused and prioritized strategy and to define the City's role in recruiting and retaining businesses.

Responding to Councilmember Davidson, Mr. Murphy agreed that there is both strength and danger in focusing too much on individual industry clusters. He said he spoke to someone earlier in the day who said that Bellevue's strength is in ICEE (information, capital, energy and education). He said this is different from how analysts formerly thought about finance, investments, and real estate. Mr. Murphy suggested it might be helpful to think about what micro-clusters have the greatest potential for Bellevue, and to also think more generally about what climate is conducive to the desired economic activity.

Mayor Lee talked about the importance of maintaining a global perspective. He agreed with the need for a broader marketing and messaging effort to promote Bellevue's strong assets.

Councilmember Stokes observed that the work does not address the arts and other activity centers beyond the Downtown that contribute to economic development. The stakeholder outreach process seems to be raising important issues. However, Mr. Stokes suggested a broader community-wide focus. He thanked staff and the consultants for their work.

Deputy Mayor Robertson said she appreciates the work of the consultants and staff. One thing missing in the list of strengths and quality of life is the natural beauty. She observed that business incubator space will be increasingly hard to come by, especially with the loss of light industrial space in the Bel-Red corridor as it redevelops. She is concerned that the marijuana industry will dominate available LI sites and preclude incubator companies.

Ms. Robertson said she wants to ensure the community provides adequate fiber and power grid infrastructure to support a strong business community and the information technology industry. She would like to identify opportunities for growth, for example, does the City want to attract a Costco or other large retailers?

Ms. Robertson sees an opportunity for growth with regard to STEM (science, technology, engineering and math) higher education. She would like to see more on that topic, including potential regional partnerships to increase the availability of university-level STEM programs. She noted that the University of Washington accommodates only roughly 20 percent of students interested in computer science and engineering degrees. She questioned how Bellevue might approach this opportunity.

Ms. Robertson said it is important to continue to streamline the City's permitting process to encourage and facilitate development. Referring to the written materials, she is intrigued with the suggestion for a concierge-type service for businesses. She said the City's Service First approach for general services has been effective and attracted recognition for its success.

Deputy Mayor Robertson said she envisions the strategic plan as providing data on what Bellevue has and how it has grown. The next step is identifying what Bellevue wants and the

opportunities for growth. She would like to see a road map of realistic mechanisms that can be implemented to achieve the desired objectives.

Councilmember Davidson suggested that the Seattle metropolitan area, including the Eastside, should be able to work together for strong overall economic development and to compete with out-of-state regions.

Councilmember Chelminiak thanked the consultants for their work and for focusing on what is important to businesses and to their employees. He believes the City can then determine its role in addressing those needs.

Mr. Chelminiak observed that there is a great deal of focus on the Downtown, which makes sense due to the concentration of business activity. However, it is also important to focus on opportunities in other business districts. He suggested exploring whether there are ways to facilitate the creative reuse of existing buildings.

Mr. Chelminiak said Bellevue has done well with transportation planning and in lobbying for highway funding and transit services. He said he spoke with the new Chancellor for the University of Washington-Bothell, who is very interested in talking about expanding to Bellevue. Mr. Chelminiak noted the significance of the medical district and the potential for increased activity in the areas of health sciences and healthcare informatics. He thanked the consultants for their work and the data provided to the Council.

Councilmember Wallace concurred that the hospital and medical industry is not mentioned and needs to be added. It is a significant employer in Bellevue and provides opportunities for the future. He suggested looking for ways to leverage Bellevue's economic development goals with those of Seattle, the Puget Sound Regional Council (PSRC), the State, and others.

Councilmember Wallace recalled that, a few years ago, there was a Council economic development working group for a period of time. He suggested that staff and the consultants review the notes from those meetings to see if that sparks any ideas.

Councilmember Stokes observed that Bellevue has moved toward recognizing its role as a regional and statewide leader, which enhances its economic opportunities.

Mayor Lee summarized that Bellevue needs to do more in marketing its many assets and in leveraging its activities with regional partners.

Dr. Davidson highlighted the role of the natural environment in attracting residents and businesses and the importance of maintaining a healthy environment.

4. Executive Session

(a) Property Acquisition

At 8:57 p.m., Mayor Lee declared recess to Executive Session for approximately 30 minutes to discuss one item of property acquisition .

The Executive Session concluded at 9:35 p.m., and the meeting was adjourned.

Myrna L. Basich, MMC
City Clerk

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