

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

East Link MOU.

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POLICY ISSUES

This Study Session is intended to provide an update on the East Link Memorandum of Understanding (MOU), with a particular focus on options for funding the City's East Link contribution. A public hearing is also scheduled later this evening during the Regular Session. The full copy of the proposed MOU and companion Transit Way Agreement are attached to the Regular Session agenda materials.

DIRECTION NEEDED FROM COUNCIL

<u> </u>	Action
<u> X </u>	Discussion
<u> X </u>	Information

BACKGROUND/ANALYSIS

On October 27, the Sound Transit Board endorsed the Memorandum of Understanding (MOU) that enables a tunnel alignment in Downtown Bellevue. Council action is now anticipated on November 14, following tonight's public hearing and additional Council deliberations. This Study Session is intended to provide the latest updates on the MOU, respond to Council questions, and provide additional information as needed. Major focus is on the funding options available for meeting the \$160 million (2010\$) City contribution called for in the MOU. In addition, we will update the Council on the City's participation in the federal 4(f) process, and entertain Council questions and suggested revisions on the proposed MOU and Transit Way agreement. While additional questions or revisions may result from the public hearing, we are recommending identifying any known revisions this evening, so that staff can discuss those proposed changes with Sound Transit staff and have responses in time for final action on the proposal on November 14th.

I. AFFORDABILITY AND FUNDING CONSIDERATIONS

Previous Council Discussions on the Affordability of the MOU Investment

Over the course of the last few months, staff have brought forward several memos, presentations, and discussions regarding the affordability of the East Link MOU. Specific information was provided on the following dates:

September 12	Implications of existing CIP revenue shortfall on the East Link MOU
September 19	Affordability of the East Link MOU
October 10	East Link MOU Update and update on MOU affordability
October 14	Memo from Staff in response to Council's October 10 questions (related to debt to CIP ratios and potential impact on property taxes).

Tonight's Study Session builds on these earlier Council discussions.

The East Link Contribution

A potential City contribution of \$160 million in East Link credit, as called for in the draft MOU and summarized in Attachment A, is a very substantial obligation of the City's future capital dollars. To lessen the impact, the City's strategy to date has been to:

- a) reduce costs to the General CIP by relying on contributions that require little or no City cash but provide significant East Link value,
- b) seek alternative funding tools other than the General CIP, and
- c) leverage the City's funding by investing in items that provide for other City benefits in addition to East Link.

The results have been that for the City's first \$100 million in East Link credit (called the "Up-front Contribution" in the MOU), the City's up-front General CIP outlay will be far less than \$100 million -- in the range of \$40-\$66 million, plus finance costs. (This assumes that tax revenue generated by East Link construction and collected by the City have been assigned to the MOU costs.) The range is considerable because several factors to reduce the City's total cash outlay remain strong possibilities but have not yet been confirmed, including a potential land swap of equivalent value to Sound Transit but of lesser cost to the City, and final reconciliation on costs that are unknown at this point.

Further, in regard to leveraging the City's investment (point c) above), the majority of the Up-Front Contributions provide substantial City benefits for street ROW, parks, or other City use. These "corollary" benefits are not reflected in the net numbers above, but have a significant bearing for the City's return on its investment.

Funding Options

The Council has a fairly wide spectrum of options for funding the East Link investment. These are summarized in **Attachment B**, and broken out into the two key elements laid out in the MOU: the \$100 million Up-front Contribution, and the \$60 million City Contingency.

1. Up-Front \$100 million Credit

The General CIP cost to fund the \$100 million Up-front Contribution is in the range of \$40-\$66 million, as explained above. Options for funding this could include one or a combination of the following (for purposes of the below discussion “basic CIP revenues” refers to status quo revenues (sales tax, REET, B&O, etc.) projected forward) :

- **Existing CIP**—delete/re-assign funds from existing projects or use the \$25 million Council contingency already set aside in the existing CIP

Potential Revenues: \$0-25+ million

- **Next Major CIP Update**—dedicate all or a portion of the next two years of basic CIP revenues allocated to “discrete” projects (i.e. exclusive of payments on existing debt and ongoing programs). Potential resources: \$22M in new funding for discrete projects is anticipated as part of the next major CIP update, which adds the years 2018 and 2019. In other words, if no new discrete projects were funded in the next CIP update, \$22 million could be available for the MOU.

Potential Revenues: up to \$22 million

- **Out-year CIP Revenue through 2030**—as previously discussed with the Council, new basic out-year CIP revenue could be allocated to the East Link investment, and drawn upon in 2014 by issuing new 20-year debt. Since there are many unmet capital needs in the community, previous Council materials (see Attachment C for September 19 packet materials) were designed to show the trade-offs in funding the MOU vs. funding other competing capital needs.

Potential Revenues: up to \$188 million (new basic CIP revenues available for all discrete projects 2020-2030)

- **New Taxes/Revenues**—Previous funding scenarios explored using the previously adopted Mobility and Infrastructure Initiative (M&I) resources, extended out to 2030, to help fund the East Link investment. Part of the logic was that most of the East Link investments are eligible M&I projects. The balance of the new taxes/revenues in the full M&I would generate \$211 million. Major sources are property tax increases, planned impact fee increases, and Local Improvement District revenues.

Alternatively, relying solely on the City’s banked capacity for property tax increases would yield up to \$8.5 million annually, which would fund \$110 million in 20-year debt.

Potential Revenues: up to \$211 million

2. Final \$60M contingent contribution

The MOU provides that the City’s contingent contribution (called the City Contingency in the MOU) is the last funding into the project, and will be reduced by cost savings identified over the

next two years, up to project “baselining “ in 2014. The final cost may be reduced further after project close-out, through the final reconciliation process. For purposes of this analysis, it is assumed that the City Contingency could be up to \$60 million (2010\$), though it is hoped that the number will be considerably below that.

Potential funding options include:

- **CIP set-asides**—Basic CIP revenues could be set aside each year, starting in 2015 (after “baselining” is complete) and 2023. These funds would then be available starting in 2023, when they may be needed to draw upon.

Potential Revenues: The amount of a set-aside is a policy call, but for illustration purposes, \$2 million/year times 9 years would yield **\$18 million**.

- **Out-year CIP revenues through 2042**--This is the same idea as shown above for the up-front contribution. However, in this case the funds are needed almost a decade later, in about 2023. New 20-year debt at that point could draw upon CIP resources out to 2042. From an inter-generational equity perspective, the City contribution would be split between the up-front investment made before light rail is running, and an investment that is paid off in the early years of actual light rail service.

Potential Revenues: (new basic CIP resources available for all discrete projects 2031-42): Staff has not completed a detailed projection, but a very rough estimate would be **\$200 million+**.

- **New Taxes/Revenues**—As for the up-front investment, new taxes/revenues would be an option open to future Councils.

Potential Revenues: TBD. There are too many unknowns for staff to make a reasonable estimate about the potential of future new taxes/revenue sources out to the year 2042.

3. Example of a blended approach to the up-front investment

For a large and complex project, past Councils have often drawn from multiple funding options. To illustrate how several options could be blended, staff developed the following scenario, also shown on Attachment B:

- Assume an up-front outlay of \$58 million, with the funds needed in 2014;
- New 20-year debt is issued in 2014 so that funds are available as they are needed;
- \$10 million is derived from the existing 2011-17 CIP by using a portion of the Council contingency or cutting/postponing a previously- approved project;
- \$37 million, plus \$15 million in financing costs, are derived from basic out-year CIP revenues through 2030;

- The final \$11 million results from a one-time property tax increase of 3% (this is adequate to generate \$11 million plus financing costs over 20 years).

Together, these combined sources would generate an up-front capital outlay of \$58 million, toward the upper end of the range needed to meet the \$100 million Up-front Contribution. This is simply an illustration to show one example of how the funding might be blended to achieve the necessary results. Many other “mix and match” options are available to the Council.

Recommended Process Path

For a typical large public investment involving multiple components, every detail of the funding package is often not fully developed from day one. Some parts of the funding are decided, and then additional funding pieces are filled in over time, drawing from a range of options.

Staff suggests that the next major CIP update process, conducted next year and covering the period 2013-19, is a good opportunity to further examine the above funding options and select the best fit for the Up-front Contribution. This meets the 2014 timeframe when the first capital outlays are needed. It allows for a comprehensive look at the East Link investment and other City needs against the range of funding options. These needs include existing CIP projects, the existing CIP gap, the Council contingency, and other community needs for this timeframe. At that point, the Council will be in the best position to select which funding option, or blended options provide the best fit.

The City Contingency will not be needed in this timeframe and would not be part of the next major CIP update. However, the City would need to track it as a potential future obligation.

II. FEDERAL 4(f) UPDATE

As a project that receives federal approval, the East Link environmental and federal review process includes an analysis of the impacts of the proposed alignment options (as identified through the Environmental Impact Statement) on park properties and functions. This review is referred to as the 4(f) process, referring to the section of the federal statutory provisions that outline the protection of parks. In August 2011 the City submitted a letter outlining concerns and comments on the 4(f) process that was included in the Final EIS.

As part of our on-going discussions, City and Sound Transit staff have continued more detailed and refined discussions about the possible impacts of the preferred East Link alignment on Mercer Slough Nature Park and Surrey Downs Park. As a result of those discussions, Sound Transit has agreed to the City’s requested approach to mitigation of those two parks properties. Attached as Attachment C is a depiction of the Mercer Slough mitigation concept. This concept will require further refinement and discussion, but has significant advantages over the mitigation identified in the FEIS.

If the City chooses to approve the MOU and companion Transit Way Agreement, the Council will also be asked to authorize the City Manager to send a follow-up letter to FTA, updating the August 2011 comment letter. This updated comment letter would reflect the agreed to approach on mitigation for the preferred East Link alignment, as well as acknowledge that the continued discussions and planning efforts that have occurred since August have served to address many of the concerns expressed in the August 2011 comment letter.

III. DISCUSSION OF MOU AND TRANSIT WAY TERMS

As indicated above, staff is recommending a discussion of any questions or proposed revisions to the documents during study session in order to facilitate finalizing documents for action on November 14. Additional questions or comments may result from the public hearing.

ATTACHMENTS

- A. Proposed East Link Contributions
- B. Summary Options to Fund the East Link MOU
- C. Excerpts from Past Study Session Materials
- D. Mercer Slough Mitigation Concept

AVAILABLE IN COUNCIL OFFICE

Plan – size, color depiction of Mercer Slough mitigation concept

Proposed List of East Link Contributions, with Timing

Item	Value for East Link Contribution	City Cost— New General CIP	Project in Mobility & Infrastructure?	Additional City Benefits/Values	Timing (Anticipated)	Notes
Category 1: No Cost or Low Cost to the City	\$40.3 million	\$0-8.1M	No	No	2014	Addl. costs to Utilities of \$7.6 million—not part of General CIP
Category 2: Provide Corollary City Benefits <ul style="list-style-type: none"> Metro site and other specific property easements 	59.7 million	\$58 million	Yes	City will accrue significant added benefits from these property acquisitions. All are needed for City ROW, park or other uses.	2014	
Category 3: Contingent Contribution <ul style="list-style-type: none"> \$60 million from City would be a project contingency and the last dollars into the tunnel portion of the project, if needed At 60% design (project “baselining”), the City’s \$60 million could be permanently reduced by cost savings achieved through mutually agreed scope reductions within the full City limits if the project baseline estimate is reduced as measured against the PE cost estimate. 	Satisfies requirement for \$60 million contingent contribution	Up to \$60 million cap	No	No	City funding would be last \$ into project; assume could be needed in 2023	

Options to Fund the East Link MOU

All in 2010\$

(1) First \$100M MOU Credit — needed: \$40-66 million in 2014

OPTIONS (Amount Avail)	Current CIP 2011-2017 (\$0 - \$25M+)	Next CIP 2018-2019 (up to \$22M)	Out-Year CIP Through 2030 2020-2030 (up to \$188M)	New Revenues/Planned Increases (up to \$211 million)
DESCRIPTION	<ul style="list-style-type: none"> • Reprioritize projects (reduce, defer, cut) • City Council Contingency 	<ul style="list-style-type: none"> • Basic CIP revenues generated over time • Revenues for discrete projects only (no touch funds for existing debt service or ongoing programs) • Consider MOU vs. other unmet needs 	<ul style="list-style-type: none"> • New revenues from adopted Mobility and Infrastructure Plan would generate \$211 million through 2030 • All Property tax banked capacity would provide \$8.5M/yr; could be bonded to generate \$110 million) 	<ul style="list-style-type: none"> • Financing costs would be paid via the new revenue source
FINANCING COST CONSIDERATIONS	<ul style="list-style-type: none"> • Small added financing costs potentially 	<ul style="list-style-type: none"> • Significant financing costs 		

Example: Assuming \$58M needed in 2014 for property acquisitions/MOU Credit

FUNDING SCENARIO	\$10M from existing CIP	\$37M + \$15M financing costs from out-year CIP basic revenues	\$11M	One 3% property tax increase, bonded over 20 years
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(2) Final \$60M MOU Credit — assume up to \$60M needed in 2023

OPTIONS	Early Set-Aside 2015-2023 (Ex: \$2M/yr = \$18 M)	Out-Year CIP 2031-2042 (200 million+)	New Revenues (number TBD)
DESCRIPTION	<ul style="list-style-type: none"> • Set-aside annual amount from CIP resources to cover future obligation 	<ul style="list-style-type: none"> • Basic CIP revenues generated over time from 2031-2042 • Revenues for discrete projects only • Timeframe based on new 20-yr debt issued 2023, dates not overlapping with above 	<ul style="list-style-type: none"> • New revenues TBD
FINANCING COST CONSIDERATIONS	<ul style="list-style-type: none"> • No financing costs 	<ul style="list-style-type: none"> • Significant financing costs 	<ul style="list-style-type: none"> • Financing costs would be paid via revenue source

Item No. SS 2(a)
September 19, 2011

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Affordability of the East Link MOU.

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POLICY ISSUES

This Study Session is intended to help advance the Council's discussion on the affordability of the East Link Memorandum of Understanding (MOU). Tonight's materials and discussion will also help the public understand the implications of an MOU investment, which will be helpful in providing Council feedback at the September 26 Public Hearing.

DIRECTION NEEDED FROM COUNCIL

- Action
- Discussion
- Information

No action is requested tonight. Staff anticipates that this will be one in a series of Study Sessions needed to arrive at a decision on the East Link MOU in the coming weeks.

BACKGROUND/ANALYSIS

Tunnel Funding Gap and the Genesis of the East Link Term Sheet

Over the past several years, the City has worked to achieve a light rail alignment in Bellevue that delivers the benefits of high capacity transit while minimizing negative impacts to the City's neighborhoods and businesses. A key conclusion of the City's analysis is that a tunnel through Downtown Bellevue is needed to avoid unacceptable disruptions to the City's limited arterial system, and that the tunnel will also improve transit system efficiency and ridership. Sound Transit has concluded that a surface alignment through Downtown Bellevue is acceptable, and that if a tunnel is selected, then the City should help bear the added costs. The funding gap between the surface and tunnel profiles was originally estimated at \$320 million (2007\$).

In a previous term sheet authorized in 2010, the City and Sound Transit identified a framework for bridging this gap. Sound Transit would contribute \$75 million in costs savings and \$95 million in additional funding capacity, and the City would contribute up to \$150 million (all numbers in 2007\$).

The most recent (2010) Sound Transit cost estimates include a cost savings of roughly \$75 million, achieved through the "B2M" modified alignment in South Bellevue. Including the B2M cost savings, the cost difference between the at-grade and tunnel alignment funding gap in 2010 dollars is \$276 million. With the cost saving for the B segment already accounted for on Sound Transit's side of the ledger, Sound Transit's remaining share of the \$276 million would now amount to \$116 million. Bellevue's contribution remains the same (up to \$150 million in 2007\$, or roughly up to \$160 million inflated to 2010\$).

Financial Elements in Adopted Term Sheet

The current East Link Term Sheet adopted by the Council on August 8 of this year sets forth certain actions for Sound Transit and the City to work together towards closing the funding gap for the Downtown Bellevue light rail alignment. It includes several elements of a City funding contribution to East Link. This is an abbreviated recap; the full Term Sheet is provided as Attachment A.

- The Term Sheet does not bind the parties to specific project funding actions but is a commitment to negotiate in good faith toward a future binding Memorandum of Understanding (MOU).
- As an up-front commitment, the City will take all or a portion of the following actions to reduce Sound Transit's costs by a minimum of \$100 million:
 - Providing permanent ROW easements
 - Providing temporary easements for construction staging
 - Contributing the depreciated value of City-owned utilities
 - Helping to direct conflicting private utilities to relocate
 - Contributing certain taxes received by the City as a result of the Project
 - Purchasing certain properties for the Project which may also serve other public purposes
 - Other actions that reduce Sound Transit's costs
- Dependent on the costs of the Project within Bellevue and other considerations, the City will provide cash or other contributions that bring the total cost reduction to Sound Transit up to \$160 million.

This synopsis focuses solely on the financial elements of the adopted Term Sheet. Another section of the Term Sheet addresses City-requested modifications to the alignment in South Bellevue. A key point in the Council Resolution accompanying the adopted Term Sheet is that "The City's willingness to become a financial partner in the Project is premised on an agreement as to a cooperative alignment throughout the City."

Updated Draft Principles

Over the course of the East Link deliberations, the Council has developed several sets of principles to help guide your discussion. These have covered an array of topics, leading up to adoption of the August Term Sheet. Attachment B is an updated set of principles focused more narrowly on the East Link investment. These are based on the current Council direction and project developments to date. These are intended to help guide discussion of the MOU affordability in the coming weeks. Staff is requesting Council direction on any desired modifications to these draft principles and then for your approval.

Proposed list of City's East Link Contributions, with Timing

The adopted August Term Sheet is predicated on the City reducing costs for the East Link Project by up to \$150 million (2007\$). A key principle is that the City's investment should meet the needed East Link credit at the lowest cost to the City, and include actions that meet other City goals beyond the Sound Transit investment. Staff has applied this principle to the Term Sheet's concept of an up-front amount and a contingent amount, yielding the following major categories and amounts of contributions that have been under discussion at a staff level with Sound Transit:

Category 1) No cost and low cost items totaling a Sound Transit credit value of approximately **\$40 million**.

Category 1 is extremely highly leveraged, costing the City only \$2.5 million in new expenditures from the General CIP. City costs also include an estimated \$7.6 million from Utility funds.

Category 2) City expenditures that provide collateral benefits beyond the East Link project, totaling a Sound Transit credit value of approximately **\$60 million**. Category 2 is comprised of property purchases, and carries a considerable up-front cost to the City of roughly \$58 million. These investments are also highly leveraged, providing very tangible ancillary financial benefits to the City in addition to the East Link credit. All the property purchases are needed for City parks or transportation ROW, which the City will retain after providing needed easements to Sound Transit.

Together, categories 1 and 2 above would fully fund the \$100 million up-front amount called for in the Term Sheet. Attachment C is the list of specific potential credit items that have been the focus of negotiations between City and Sound Transit staff. Tonight's Council discussion is intended to focus on this specific list of potential up-front contributions.

Category 3 is the Contingent contribution described in the Term Sheet, with a Sound Transit credit value of up to another **\$60 million**. This is not an up-front commitment but rather "depends upon the cost of the Project within Bellevue after consideration of the benefit and risk sharing allocations and Project cost reconciliation procedures." While still subject to discussions, at this point, staff's thinking is that Category 3 contributions, if needed, could be provided from a menu of options that save the Project time, money and risk. These may include credit for the HOV lane on Bellevue Way (assumed as a \$25 million City expenditure), code amendments that provide Sound Transit with greater certainty, permit processing that saves time and reduces the project schedule, clear expectations about construction mitigation, cost reductions as a result of value engineering and/or reductions in project scope, and grant funding or partnerships that provide additional funding for the Project. The approach to Category 3, "contingent" contributions is still under development, and currently there is no agreement at the Sound Transit staff level. The Category 3 contribution will be further detailed in future Council presentations.

City's Other Unmet Capital Needs

The essence of the policy question before the Council is whether the City can afford the MOU investment in light of all the City's other unmet capital needs. Council workshops and retreats in prior years have explored the breadth of these capital needs and visions. They are identified through planning efforts like the Parks and Open Space System Plan, the Pedestrian and Bike System Plan, the Transportation Facility Plan, and Subarea Plans. Other capital needs and opportunities emerge over time, through Council and community initiatives like the City's earlier investment in the performing arts center. Collectively, the City's capital needs total well over a billion dollars.

In recent Council discussions a smaller sub-set of all potential needs has been used to capture the most tangible picture of priority needs. Attachments D1 and D2 provide a list of these tangible unmet capital needs, totaling \$480 million. Again, this is not a fully encompassing list of all potential needs but rather is consistent with recent Council discussions. Also shown for reference is the list of the discrete projects funded in the current adopted CIP (Attachment E).

Future CIP Revenues

To understand the magnitude of an East Link investment and potential funding available to address this, staff presented several revenue scenarios at Council's September 12 meeting. These scenarios projected future CIP revenues out to 2030, under several different assumptions (See Attachment F). Recapping discussion from this earlier meeting:

- Package 1 shows basic out-year CIP resources for the period 2018-2030, i.e. beyond the current adopted 2011-17 CIP.
- Package 2 assumes, in addition to basic out-year CIP resources, roughly half of the Mobility and Infrastructure Initiative (M&I) revenues extended out through the period 2018-2030.
- Package 3 assumes basic out-year CIP resources plus all of the M&I revenues for the period 2018-30.

All three revenue packages include the \$25 million "Council contingency" in the existing CIP, as this is currently unallocated to specific projects and was earlier identified as a potential revenue source for the East Link contribution. To identify what share of this revenue could potentially be available for an East Link contribution, all three scenarios net out existing long-term debt obligations and ongoing programs (e.g. the street overlay program) restored to pre-2011 sustainable levels. This results in net revenue available for new discrete projects, which may include an East Link commitment.

Scenarios of Future CIP Revenues and Projects

Given that the City has limited revenues to meet future needs, the City faces inevitable trade-offs in funding the MOU investment. Even without the MOU investment, the City will not be able to fund all worthy projects. In order to illustrate how far the revenues may go with an MOU investment, City staff created several scenarios that balance revenues and project expenditures. This was only an exercise, designed to illustrate some of the trade-offs the Council faces.

Attachment G provides these revenue-project scenarios, based on funding the up-front \$100 million in Sound Transit credit, plus the needed Bellevue Way HOV facility. The additional \$60 million "contingent" credit (Category 3 above) is not provided here and as noted above will be further detailed in future Council presentations.

- Under Revenue-Project Scenario 1, in addition to the Sound Transit credit, staff assigned very basic capital needs.
- Under Revenue-Project Scenario 2, in addition to the Sound Transit credit and basic needs, staff assigned "foundational" CIP projects; i.e., projects that help support other important community investments and outcomes.
- Under Revenue-Project Scenario 3, in addition to the above, staff began to assign projects that build toward the broader community vision.

The point of this exercise was simply to illustrate how far available revenues might go toward funding both the MOU and other City needs. It is certainly not a conclusion as to whether any given project should be in or out of future CIPs.

Timing of Expenditures and Use of Debt

As shown in Attachment C, the timing of the East Link contributions is a critical issue. Most of the City investments in the up-front \$100 million categories are needed in 2014 or 2015. Property acquisitions and utility re-locates must be accomplished before the project can begin full construction.

The City's funding analysis relies on future CIP revenues, generated in the period 2018-30. To draw upon those future funds in 2014-15 would require the City to issue long-term debt (bonds); and incur finance charges over the life of those bonds. The precise finance charges depend on the amount of debt issued, interest rate, timing of the debt, etc., and would be worked out in consultation with the City's financial advisor. A finance cost component has been added to each of the revenue-project scenarios to account for these factors.

The City's indebtedness is limited by RCW and is further limited by the City Debt Policy. The limitations are applied to the City's assessed value to arrive at a dollar limit of indebtedness. The City's 2011 assessed value is \$32,078,743,330. Under City policy, which is more restrictive than state law, the City today has a remaining Councilmanic (non-voted) debt capacity, after accounting for all outstanding debt, of \$129 million. This number is projected to grow to \$165 million by 2014, the period when most of the MOU investments would be needed.

Attachment H tracks Councilmanic (non-voted) debt capacity from the present date through 2030. Over time, as Assessed Value changes and existing debt is retired, Councilmanic debt capacity will increase substantially¹. The Attachment also shows the much higher projected statutory limits for Councilmanic debt capacity.

POLICY ISSUE

The overall policy issue presented by tonight's discussion is whether the Sound Transit MOU is affordable, given:

- the amount of City investment needed
- the degree to which the City's East Link investment can be "leveraged" with other City benefits
- the trade-offs in funding the East Link investment in the upcoming years vs. the City's other unmet capital needs.

¹ Based on existing debt only, assumes Assessed Value grows at 2% annually, and current debt is paid according to existing debt scheduled.

There are adequate resources available to fund the MOU under all of the scenarios presented tonight. However, each of the scenarios presents trade-offs in the total package of what can be funded and the revenue sources that enable this funding.

NEXT STEPS

Tonight's Study Session is intended to begin the Council's discussion on the affordability of the East Link investment. These discussions will continue over the coming weeks along with consideration of the overall MOU. Tonight's materials will also help inform the public for the upcoming open house on September 20 and public hearing on September 26.

The one item requested for Council direction tonight is your refinement and approval of the draft Principles presented in Attachment B.

ATTACHMENTS

- A. Existing City-Sound Transit Term Sheet, with accompanying City Council Resolution Not reprinted in packet
- B. Draft Principles to Guide an East Link Investment
- C. Proposed List of East Link Contributions, with Timing
- D. City's Unmet Capital Needs—Citywide, Downtown, and Mobility and Infrastructure Initiative
- E. Discrete Projects Funded in the Current 2011-17 CIP
- F. Revenue Scenarios (from 9-12-11 Study Session)
- G. Revenue + Project Scenarios
- H. Councilmanic Debt Capacity 2011-2030
- I. Responses to Questions from Councilmember Wallace

Draft Principles for City Contribution to the East Link Project Tunnel Alignment

- 1) **The City and Sound Transit should work cooperatively to reduce the overall costs of the Project** and to seek additional outside financial resources to reduce the City's and Sound Transit's costs.
- 2) **The City's contribution should be proportionately reduced** if the tunnel funding gap is reduced or closes, and/or if additional East Link costs savings are realized beyond what is anticipated in the MOU.
- 3) **City contributions to the Project are contingent on Sound Transit selecting a cooperative East Link alignment as the final Project alignment.** This includes additional modifications to the B2M alignment designed to mitigate impacts of concern to the City and its residents, as called for in the updated term sheet between the City and Sound Transit.
- 4) **City participation in risk and benefit sharing up to the contribution cap must be structured with consideration of those areas of the Project within the City's control or influence,** and after appropriate definition of Project scope, identification of revenue sources, identification of how project costs savings are applied, and procedures for reconciling Project expenditures.
- 5) **As a financial partner in the East Link Project, the City must have appropriate levels of participation,** commensurate with its contribution and the final level and structure of risk and benefit sharing, in project final design, budget development, construction, and Project cost oversight.
- 6) **Determining the affordability** of the City's Project investment requires identification and analysis of the level and timing of resources anticipated to be contributed to the Project, the implications for the City's budget and tax policy, and the ability to meet other capital needs.
- 7) **The City contributions should emphasize the opportunity to reduce Project costs at the lowest cost to the City** and should:
 - a) First rely on elements that provide value to East Link without requiring new cash expenditures from the City;
 - b) Second, if requiring cash investment, provide collateral benefits—meeting other City needs while also contributing to the Project gap; and
 - c) Third, provide for a contingent contribution that values the potential project cost savings that can be achieved through cooperative actions under the City's control and additional outside resources.

**Attachment C
Proposed List of East Link Contributions, with Timing**

Item	Value for East Link Contribution	City Cost—New General CIP	Project in Mobility & Infrastructure Initiative?	Additional City Benefits/Values	Timing	Notes
<p>Category 1: No Cost or Low Cost to the City</p> <ul style="list-style-type: none"> • NE 2nd pocket parks easement • Bel-Red utilities property easement • Mercer Slough easement • Surrey Downs Park easement • City Hall easement • Public utilities relocation • Help with private utilities relocation • Sales tax credit 	\$40.4 million	\$2.5 million	No	No	2014	<p>Addl. costs to Utilities of \$7.6 million—not part of balancing General CIP</p> <p>Assumes “interim” approach to City Hall parking replacement</p>
<p>Category 2: Provide Corollary City Benefits</p> <ul style="list-style-type: none"> • Metro site and other specific property acquisitions 	59.6 million	\$58 million	Metro site is included in M&I. Other properties may also be included in M&I.	City will accrue significant added benefits from the property acquisitions. All are needed for City ROW or park uses.	2014	<p>City cost reduced by selling excess NE 12th ROW</p> <p>City cost may also be reduced if less than full parcels are permanently needed.</p>

Item	Value for East Link Contribution	City Cost—New General CIP	Project in Mobility & Infrastructure?	Additional City Benefits/Values	Timing	Notes
<p>Category 3: Contingent Contribution <u>Currently under discussion with Sound Transit staff, no agreement at this time</u> Menu of items; e.g.:</p> <ul style="list-style-type: none"> • HOV lane on Bellevue Way • Code amendments that provide Sound Transit with greater certainty • Permit processing that saves time and reduces the project schedule • Construction mitigation • Cost reductions as a result of value engineering and/or reductions in project scope • Grant funding or partnerships that provide additional funding for the Project 	<p>Up to \$60 million Final number depends upon the cost of the Project within Bellevue, benefit and risk sharing allocations and Project cost reconciliation.</p>	<p>\$25 million for HOV lane Other costs TBD</p>	<p>No</p>	<p>City gains long-term benefit of south-bound HOV lane on Bellevue Way</p>	<p>HOV lane design 2012; construction 2013-14 Other credits accrue over time</p>	

**General Capital Improvement Program (CIP)
Unmet Capital Needs (\$000s)**

*Unfunded amounts are order of magnitude approximations
This is not a fully encompassing list of all potential needs but rather is consistent with recent Council discussions.*

Description	Outcome Area	Pre-2010 Funding Adopted	2011-2017 Funding Adopted	Total Funding Adopted (includes pre-2011 costs)	Unfunded	Source Plan	Notes
Mobility & Infrastructure Initiative (M&I) Projects							
120th Avenue NE Stage 3	IM	690	20,794	21,484	20,736	M&I/TFP	Adopted funding to complete design of Stage 2 & 3 and implementation of Stage 2. Stage 3 construction unfunded.
NE 15th Street Multi-Modal Corridor	IM	760	4,606	5,366	92,844	M&I/TFP	Adopted funding for pre-design and environmental analysis for the entire segment and 60% design of Zone 2. Also includes funding for acquisition of Children's parcel. Remaining project is unfunded.
124th Avenue NE/Proposed NE 15th/16th Street Extension to Northup Way	IM	-	1,800	1,800	17,200	M&I/TFP	Adopted funding 60% design
Bel-Red Land Acquisitions	IM/IVCC/HSE	4,600	-	4,600	27,000	M&I	Safeway/Mid-Mountain parcel purchased in 2009. \$4.6M represents non-utility portion of acquisition.
Other Downtown Projects (M&I)	IM	-	-	-	16,000	M&I	Council did not allocate to specific projects.
Metro Site Purchase		-	-	-	16,200	M&I	Strategic acquisition. Funding for purchase option payments was included in 2009-2015 CIP
Parks Levy Projects							
Parks Levy 2008 Match Commitment - Remaining after current CIP					17,500		
Projects with Partial Funding in 2011-2017 Panel Recommendation (Non-M&I)							
West Lake Sammamish/North City Limit to I-90	IM	1,447	6,843	8,290	23,700	TFP	Partial funding for final design of the entire corridor and construction of 1st segment of project I-90 to SE 34th St. Full funding for Phase 2 of project, SE 34th to Weowna Park is unfunded @ \$5.7M and to complete the entire corridor an additional \$18.0M.
Northup Way/Bellevue Way to NE 24th Street	IM	470	8,000	8,470	1,000	TFP	Partnership with WSDOT

*Dollar amounts are order of magnitude approximations

**General Capital Improvement Program (CIP)
Unmet Capital Needs (\$000s)**

*Unfunded amounts are order of magnitude approximations
This is not a fully encompassing list of all potential needs but rather is consistent with recent Council discussions.*

Description	Outcome Area	Pre-2010 Funding Adopted	2011-2017 Funding Adopted	Total Funding Adopted (includes pre-2011 costs)	Unfunded	Source Plan	Notes
Projects with Partial Funding in 2011-2017 Panel Recommendation (Non-M&I)							
Downtown Fire Station	SC	-	1,700	1,700	6,500	DIP	Partial funding represents annual contributions to allow construction at a future date. Unfunded is the estimated remaining amount to construct the facility (total \$8M)
Fire Station 5	SC	-	1,000	1,000	4,500		Partial funding for necessary repairs and improvements. Unfunded is major renovation of the facility
Projects Funded in 2009-2015 CIP Plan Proposed by Department but Not Recommended by Panel							
SE 34th Street/162nd Pl SE to West Lake Sammamish Neighborhood Sidewalks	IM	2,500	-	2,500	3,936 20,000	TFP TFP	2009-2015 CIP planned start 2010 Supplemental CIP funded 3 sidewalk projects. Unfunded implements approx. three sidewalk segments a year @ \$1M each over the life of the 7 year CIP.
Other Capital Needs by Major Program Area (MPA)							
Transportation							
124th Avenue NE at SR-520	IM	-	-	-	250	TFP	Conceptual design and environmental approvals
108th/112th Avenue NE - south of SR 520 to NE 12th SE 16th Street/148th Avenue SE to 156th Avenue SE	IM IM	- -	- -	- -	3,800 4,549	TFP TFP	Priority N-S Corridor Install bike lanes, curb, gutter and sidewalk improvements. Priority E-W corridor
Lakemont Blvd (Phase 1)/Cougar Mountain Way to Lewis Creek Park and 164th Ave SE to 171st Ave SE	IM	-	-	-	3,000	TFP	Install signal, turn lanes, sidewalks and bike lanes
Bel-Red Road/NE 20th Place	IM	-	-	-	2,000	TFP	Install signal, eastbound left turn pocket and ped crossing.
Parks							
Bel-Red Park Acquisition/Development	IVCC	-	-	-	20,000	Parks Plan	Acquisitions identified in Bel-Red Subarea Plan
Chism/Clyde Park Restoration/Redevelopment	IVCC	-	-	-	5,000	Parks Plan	Waterfront renovation and redevelopment

**General Capital Improvement Program (CIP)
Unmet Capital Needs (\$000s)**

*Unfunded amounts are order of magnitude approximations
This is not a fully encompassing list of all potential needs but rather is consistent with recent Council discussions.*

Description	Outcome Area	Pre-2010 Funding Adopted	2011-2017 Funding Adopted	Total Funding Adopted (includes pre-2011 costs)	Unfunded	Source Plan	Notes
Other Capital Needs by Major Program Area (MPA) - Continued							
Other MPA							
Backup Cooling for Main Equipment Center (MEC-01) in City Hall	RG	-	-	-	125		MEC-01 houses the computer systems, phone, voice mail, email, server systems and portions of 911
Business Intelligence/Performance Management System	RG	-	-	-	500		Organization-wide management system that centralizes the collection, storage and reporting of data on performance results for the management of City programs.
City Gateways	IVCC	-	-	-	600	Urban Design Element	Entry signs at nine key entry points to Bellevue. Prototype gateway installed at an intersection along border with Medina.
Neighborhood Identity Treatments	QN	-	-	-	450	Urban Design Element	Design and install neighborhood identity signs and gateways. Newport Hills/Lake Heights identity project funded and completed.
Total		\$10,467	\$44,743	\$55,210	\$307,390		

General Capital Improvement Program (CIP)
Other Unmet Capital Needs for Downtown
(\$000s)

Amounts are order of magnitude approximations

Project	Unfunded Amnt	Notes
NE 2nd Street Widening from Bellevue Way to 112th	\$20,800	Pre-design funded in 2009-2010. Right-of-way estimated at \$14.7m and design & construction at \$6.1m.
108th Avenue NE from Main Street to NE 12th	\$6,500	Great Streets implementation.
Mid-Block Crossings	\$4,000	Assumes 15 additional crossings; \$250K each for 10 of them, and \$300K each where right-of-way is likely needed.
Intersection Improvements	\$7,500	At 5 locations downtown.
Reconstruct sections of 103rd, 105th, and 107th to meet city design standards sidewalks, lane width, etc.	TBD	
Left turn restrictions	\$250	Implemented as needed.
Pedestrian Corridor Improvements	\$3,000	NE 6th Street improvements including land acquisition, lighting and ADA upgrades; \$150K in current CIP for design work.
Downtown Circulator	\$5,000	Partnership with Metro for initial implementation.
Short-term parking facility or facilities, strategically located	TBD	Some investigation of this done by the city; no follow up.
Parking Guidance System	\$2,000	City project has not been scoped in detail. Some privately-owned garages have been implemented (Bellevue Square, Lincoln Square).
Sidewalk and other pedestrian improvements	\$5,000	Those which are not assumed to be part of private redevelopment or other city projects.
Downtown Bicycle Facility Improvements	TBD	Identified in Downtown Subarea Plan and Ped/Bike Plan; some portions to be covered in other projects such as 108th Avenue.
Downtown Wayfinding System	\$500	Full development of a downtown wayfinding system.
Art Walk Implementation	TBD	From Meydenbauer Bay to City Hall (along Pedestrian corridor for significant portion).
Downtown Community Center	\$15,000	Community Center to serve the cultural and social interests of growing and diverse population.
Ashwood Park Development	\$10,000	Master Plan to be revisited; placeholder of \$10m for improvements. Could also include Community Center component above.
Northwest Village Neighborhood Park	\$10,000	Land, master planning and construction of neighborhood park in northwest corner of downtown; location to be determined.
NE 2nd Street Park row, north of NE 2nd, between 108th & 111th	\$20,700	Acquisition from 108th to 111th estimated at \$13.0m. Design and construction placeholder of \$7.7m for neighborhood park and parkway features..
Linear green buffer on the south side of Main Street between 112th SE and 110th SE	\$7,000	Land acquisition and improvement.
Meydenbauer Bay Park & Connection	\$30,601	Develop graceful connection between Meydenbauer Bay and Downtown. Estimate from adopted Master Plan.
Bellevue Way High Occupancy Vehicle (HOV) lane, 112th "Y" to I-90 ramps (this project being studied but not currently in adopted plans)	\$25,000	Depending on East Link alignment portion may be built by Sound Transit.
	\$172,851	TOTAL "UNMET NEED"

Notes:

Unallocated placeholder of \$16m included in Mobility and Infrastructure Initiative (M&I) for Downtown Projects.

This list does not include Downtown Fire Station.

ATTACHMENT E
2011-2017 General CIP Plan
\$ 000s

Safe Community										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
070.12PA	PS-16	Renovation of Public Safety Facilities	\$750	\$660	\$686	\$713	\$742	\$772	\$803	\$5,126
130.89NA	PW-M-19	Major Maintenance Program	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$4,200
070.15NN	PS-16A	Renovation of Fire Station 5	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
070.14NN	PS-61	Downtown Fire Station	\$1,100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,700
Safe Community Total			\$2,950	\$1,860	\$1,386	\$1,413	\$1,442	\$1,472	\$1,503	\$12,026

Improved Mobility										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
130.78NA	PW-R-46	Major Safety Improvements - Accident Reduction Program	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$700
130.84NA	PW-W/B-56	Pedestrian Access Improvements	\$855	\$400	\$400	\$400	\$400	\$400	\$400	\$3,255
130.85PA	PW-M-1	Overlay Program	\$4,646	\$4,841	\$5,069	\$5,280	\$5,491	\$5,711	\$5,939	\$36,977
130.86NA	PW-M-20	Minor Capital - Signals & Lighting	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$1,400
130.90NA	PW-M-2	Minor Capital - Traffic Operations	\$200	\$150	\$150	\$150	\$150	\$150	\$150	\$1,100
115.06NN	CD-19	Advance the Vision for the Pedestrian Corridor	\$0	\$150	\$0	\$0	\$0	\$0	\$0	\$150
130.55NN	PW-R-155	Traffic Computer System Upgrade	\$435	\$454	\$0	\$0	\$0	\$0	\$0	\$889
130.56NN	PW-R-159	East Link Analysis and Development	\$2,863	\$3,355	\$0	\$0	\$0	\$0	\$0	\$6,218
130.58NN	PW-R-141	West Lake Sammarnish - SE 34th Street to I-90, First Phase	\$573	\$1,060	\$3,550	\$1,660	\$0	\$0	\$0	\$6,843
130.64NN	PW-R-167	148th Avenue NE Master Plan (Phase 1) - Bel Red Road to SR-520	\$0	\$0	\$250	\$0	\$0	\$0	\$0	\$250
130.65NN	PW-R-153	Early Implementation of the Bel-Red Subarea Plan	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$750
130.70NN	PW-I-83	Redmond BROTS Projects	\$60		\$220	\$220	\$0	\$0	\$0	\$500
130.76NN	PW-R-146	Northrup Way/Belleuve Way to NE 24th Street	\$500	\$4,500	\$3,000	\$0	\$0	\$0	\$0	\$8,000
130.92NN	PW-R-149	NE 10th Street Extension	\$450	\$0	\$0	\$0	\$0	\$0	\$0	\$450
130.05A2	PW-R-165	Downtown Transportation Plan Update	\$175	\$175	\$0	\$0	\$0	\$0	\$0	\$350
130.57NN	PW-W/B-76	Neighborhood Sidewalks	\$0	\$103	\$450	\$500	\$500	\$0	\$0	\$1,553
130.59NN	PW-M-7	Neighborhood Traffic Calming Program	\$100	\$350	\$350	\$350	\$350	\$0	\$0	\$1,500
130.59NN	PW-R-151	145th Place SE/SE 16th to SE 24th St and SE 22nd St/145th Place to 156th Place	\$4,030	\$1,250	\$0	\$0	\$0	\$0	\$0	\$5,280
130.59NN	PW-W/B-71	108th Avenue SE - Bellevue Way to I-90	\$1,947	\$500	\$0	\$0	\$0	\$0	\$0	\$2,447
Improved Mobility - M&J Projects										
130.82NA	PW-R-156	ITS Master Plan Implementation Program	\$38	\$388	\$400	\$400	\$400	\$400	\$400	\$2,425
130.50NN	PW-R-160	NE 4th Street Extension -116th to 120th Avenues NE	\$23,900	\$9,158	\$3,600	\$0	\$0	\$0	\$0	\$36,658
130.51NN	PW-R-161	120th Avenue NE Improvements (Stage 1) NE 4th to NE 8th St	\$4,180	\$900	\$0	\$0	\$0	\$0	\$0	\$5,080
130.52NN	PW-R-163	NE 15th Street Multi-Modal Corridor (Stage 1)/116th Ave at NE 12th St to 124th Ave NE	\$536	\$4,070	\$0	\$0	\$0	\$0	\$0	\$4,606
130.53NN	PW-R-164	120th Avenue NE (Stages 2 & 3) - NE 8th to Northrup Way	\$1,700	\$12,954	\$6,140	\$0	\$0	\$0	\$0	\$20,794
130.54NN	PW-R-166	124th Avenue NE/Proposed NE 15th/16th Street Extension to Northrup Way	\$200	\$800	\$800	\$0	\$0	\$0	\$0	\$1,800
130.61NN	PW-R-162	NE 6th Street Extension	\$500	\$80	\$0	\$0	\$0	\$0	\$0	\$580
Improved Mobility Total			\$48,938	\$45,938	\$24,679	\$9,260	\$7,591	\$6,961	\$7,189	\$150,555

**ATTACHMENT E
2011-2017 General CIP Plan
\$000s**

Healthy & Sustainable Environment											
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total	
100.78NA	P-R-11	Forest, Greenways, Trails & Nature Space Improvement Program	\$550	\$550	\$550	\$550	\$550	\$550	\$550	\$3,850	
100.61NN	P-AD-89	Nature Trail Expansion - 2008 Parks Levy Project	\$1,000	\$1,000	\$0	\$0	\$0	\$0	\$0	\$2,000	
100.70NN	P-AD-79	Open Space Acquisition & Trail Development - KC Levy Project	\$312	\$312	\$312	\$0	\$0	\$0	\$0	\$936	
Healthy & Sustainable Environment Total			\$1,862	\$1,862	\$862	\$550	\$550	\$550	\$550	\$6,786	

Innovative, Vibrant & Caring Community											
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total	
100.76NA	P-R-2	Enterprise Facility Improvements	\$331	\$344	\$358	\$372	\$387	\$402	\$418	\$2,612	
100.77NA	P-R-11	Parks Renovation and Refurbishment Plan	\$3,000	\$3,120	\$3,320	\$3,490	\$3,690	\$3,910	\$4,140	\$24,670	
115.07NN	CD-22	Enhanced Right-of-Way and Urban Boulevards	\$762	\$574	\$587	\$600	\$615	\$615	\$615	\$4,368	
115.09DN	CD-11	Public Art Program	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$2,450	
130.83NA	PW-W/B-49	Pedestrian Facilities Compliance Program	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$700	
100.60NN	P-AD-82	Park and Open Space Acquisition - 2008 Parks Levy Project	\$2,000	\$2,000	\$2,000	\$1,000	\$0	\$0	\$0	\$7,000	
100.62NN	P-AD-83	Bellevue Airfield Park Development - 2008 Parks Levy Project	\$200	\$500	\$800	\$0	\$0	\$0	\$0	\$1,500	
100.63NN	P-AD-86	Surrey Downs Park Development - 2008 Parks Levy Project	\$200	\$800	\$0	\$3,000	\$3,000	\$0	\$0	\$7,000	
100.64NN	P-AD-91	Lewis Creek Park Picnic Area Development - 2008 Parks Levy Project	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	
100.65NN	P-AD-87	Downtown Park Development - 2008 Parks Levy Project	\$0	\$0	\$100	\$500	\$4,400	\$0	\$0	\$5,000	
100.68NN	P-AD-85	Bellevue Botanical Garden Development - 2008 Parks Levy Project	\$2,500	\$2,000	\$1,000	\$0	\$0	\$0	\$0	\$5,500	
100.69NN	P-AD-90	New Youth Theatre - 2008 Parks Levy Project	\$0	\$0	\$4,000	\$1,500	\$0	\$0	\$0	\$5,500	
100.72NN	P-AD-27	Park Planning & Design	\$300	\$300	\$0	\$0	\$0	\$0	\$0	\$600	
115.03DN	CD-21	Eastgate/J-90 Land Use & Transportation Plan	\$175	\$0	\$0	\$0	\$0	\$0	\$0	\$175	
Innovative, Vibrant & Caring Community Total			\$11,918	\$10,088	\$12,615	\$10,912	\$12,542	\$5,377	\$5,623	\$69,075	

Quality Neighborhoods											
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total	
115.08D3	NEP-1	Existing NEP Project Funding	\$1,549	\$1,549	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$9,098	
115.08D1	NEP-2	Targeted Neighborhood Investment Program	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
115.08D2	NIS-2	Neighborhood Partnerships	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$700	
100.67NN	P-AD-88	Neighborhood Park Development - 2008 Parks Levy Project	\$100	\$400	\$1,300	\$1,500	\$1,500	\$200	\$0	\$5,000	
Quality Neighborhood Total			\$1,749	\$2,049	\$1,400	\$3,100	\$3,100	\$1,800	\$1,600	\$14,798	

**ATTACHMENT E
2011-2017 General CIP Plan
\$000s**

Economic Growth & Competitiveness										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
055.05NN	G-76	Electrical Reliability Study (ERS)	\$250	\$80	\$0	\$0	\$0	\$0	\$0	\$330
Economic Growth & Competitiveness Total			\$250	\$80	\$0	\$0	\$0	\$0	\$0	\$330

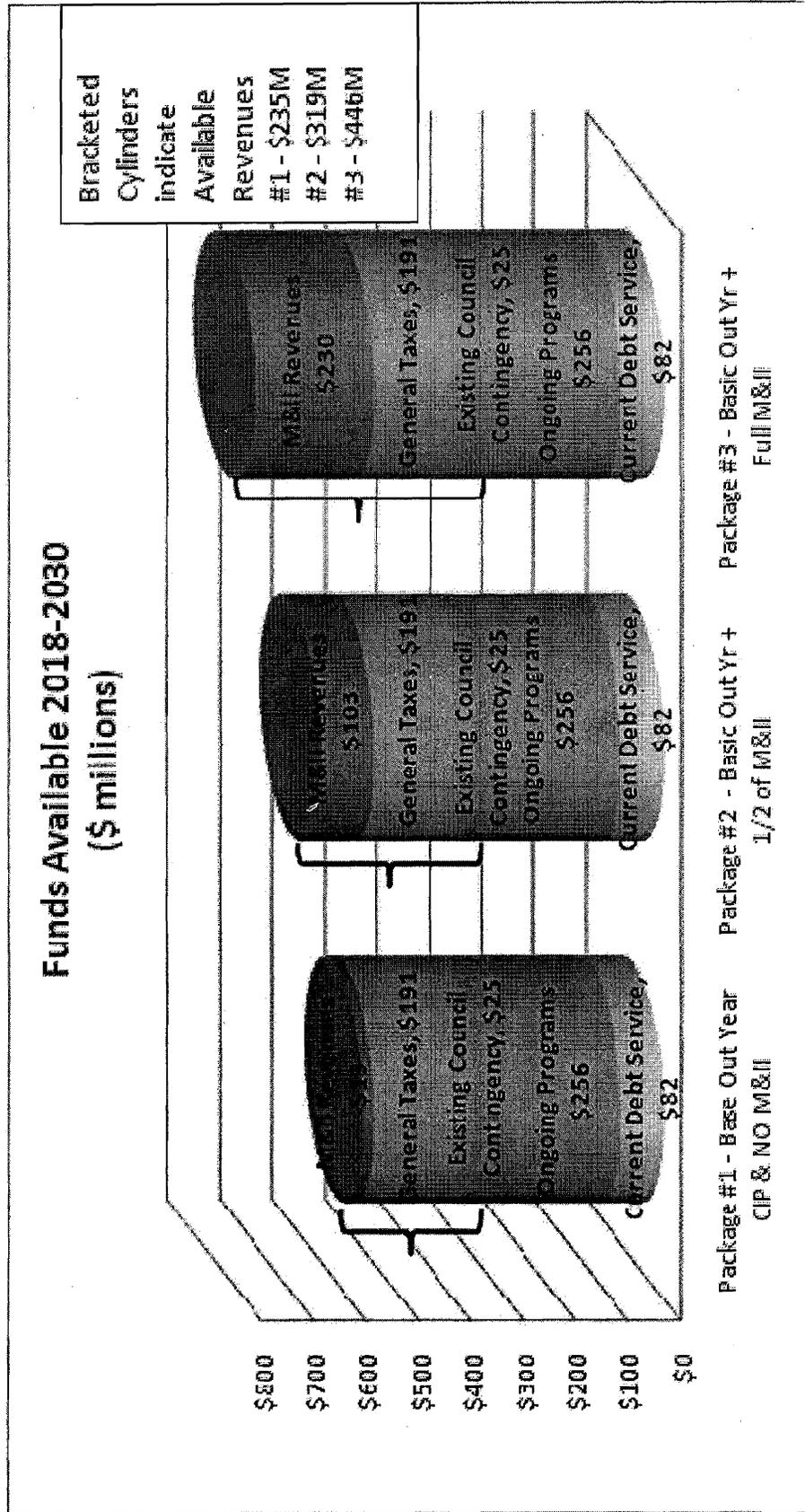
Responsive Government										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
130.88NN	PW-M-15	Wetland Monitoring	\$18	\$18	\$18	\$18	\$18	\$0	\$0	\$90
020.08DN	G-57	Enterprise Content Management (ECM) System Implementation	\$125	\$50	\$75	\$200	\$0	\$0	\$0	\$450
040.10PA	G-84	Relocation of Courts from Surrey Downs to Alternative Site	\$1,310	\$3,070	\$75	\$0	\$0	\$0	\$0	\$4,455
045.12NN	G-85	Facility Emergency Generator Power Switch Gear Replacement	\$375	\$375	\$0	\$0	\$0	\$0	\$0	\$750
060.04NN	G-59	JDE System Upgrade	\$0	\$0	\$0	\$100	\$0	\$0	\$0	\$100
060.15DN	G-59	Business Tax and License System (BTLS) Replacement Project	\$106	\$57	\$0	\$0	\$0	\$0	\$0	\$163
060.19DN	G-59	Budget System Replacement	\$120	\$0	\$0	\$0	\$0	\$0	\$0	\$120
Responsive Government Total			\$2,054	\$3,570	\$168	\$318	\$18	\$0	\$0	\$6,128

Contingency										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
130.88NN	G-86	Council Contingency	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,580	\$25,000
Contingency Total			\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,570	\$3,580	\$25,000

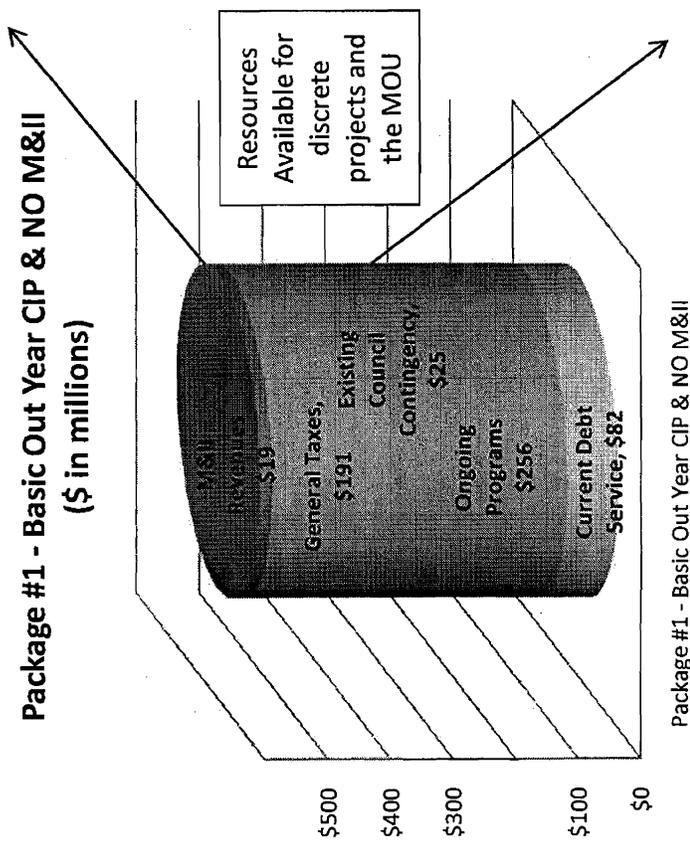
Debt Service										
Proposal #	Project #	Proposal Title	2011	2012	2013	2014	2015	2016	2017	2011-2017 Total
130.79PN	PW-R-82	Public Works Trust Fund Loan - Principal	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$280
130.79DN	PW-R-83	Public Works Trust Fund Loan - Interest	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$21
100.79NN	P-AD-49	LID Assessments Parks Properties	\$35	\$33	\$32	\$30	\$0	\$0	\$0	\$130
060.01NN	G-69	Supplemental CIP Debt Funding	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$1,078	\$7,546
060.02NN	CD-5	Metro Site Acquisition 2003 Refunding - Debt	\$506	\$503	\$507	\$506	\$0	\$0	\$0	\$2,022
060.05NN	G-53	CIP Cash Flow Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
060.03NN	G-82	City Hall Debt Service	\$6,970	\$6,956	\$6,954	\$6,939	\$6,930	\$6,923	\$6,921	\$48,593
060.23NN	G-83	M&I LTGO Bond Debt Service	\$867	\$867	\$867	\$867	\$867	\$867	\$867	\$6,071
060.05NN	G-53	CIP Cash Flow Interest	\$300	\$1,000	\$1,300	\$1,500	\$1,500	\$1,100	\$699	\$7,399
Debt Service Total			\$9,799	\$10,480	\$10,781	\$10,963	\$10,418	\$10,011	\$9,608	\$72,062

TOTAL EXPENDITURES	\$83,090	\$79,497	\$55,461	\$40,086	\$39,231	\$29,741	\$29,653	\$356,760
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Future CIP Revenue Scenarios



**REVENUE AND PROJECT SCENARIOS
FOR ILLUSTRATIVE PURPOSES ONLY**



Package 1 assumes basic out-year CIP resources for the period 2018-2030, i.e. beyond the current adopted 2011-2017 CIP.

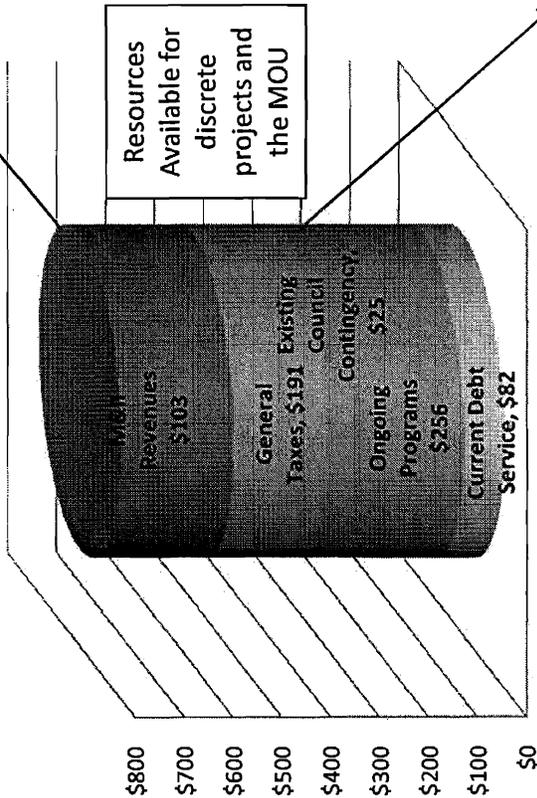
These scenarios are intended as an exercise to illustrate how far revenues may go towards funding the MOU investment and other city needs. These are not meant to represent conclusions as to whether any particular project should be in or out of future CIPs, nor have these scenarios been endorsed by the City Council.

Potential Project Expenditures

General Taxes	M&I Revenues
2008 Parks Levy Match Commitment (\$17.5M)	120 th Avenue Stage 3 (\$19.0M)
W Lk Samm- complete Phase 2 to Weowna Park (\$5.7M)	
Backup Cooling System in City Hall (\$0.1M)	
Left Turn Restrictions Downtown (\$0.3M)	
Northup Way /Bellevue Way to NE 24 th St (\$1.0M)	
Intersection Improv Downtown (\$7.5M)	
Chism/Clyde Park Restoration/Redevelopment (\$5.0M)	
Sidewalk and Other Ped Improv Dntwn (\$5.0M)	
Neighborhood Sidewalks (\$20M)	
NE 2 nd St Park Row, north of 2 nd 108 th -111 th (\$14.0M)	
Downtown Fire Station (\$6.5M)	
124 th Ave NE at SR-520 (\$0.3M)	
Category 1 MOU: No Cost to Low Cost (\$2.5M)	
Category 2 MOU: Property Acquisitions - (\$58M)	
Category 3MOU: Bellevue Way HOV (\$25M)	
Finance Cost Placeholder (\$48M)	Finance Cost Placeholder (minimal)

**REVENUE AND PROJECT SCENARIOS
FOR ILLUSTRATIVE PURPOSES ONLY**

**Package #2 - Basic Out Year CIP & 1/2 M&II
(\$ in millions)**



Package #2 - Basic Out Yr + 1/2 of M&II

Package 2 assumes, in addition to basic out-year CIP resources, roughly half of the Mobility & Infrastructure Initiative (M&II) revenues extended out through the period 2018-2030.

These scenarios are intended as an exercise to illustrate how far revenues may go towards funding the MOU investment and other city needs. These are not meant to represent conclusions as to whether any particular project should be in or out of future CIPs, nor have these scenarios been endorsed by the City Council.

Potential Project Expenditures

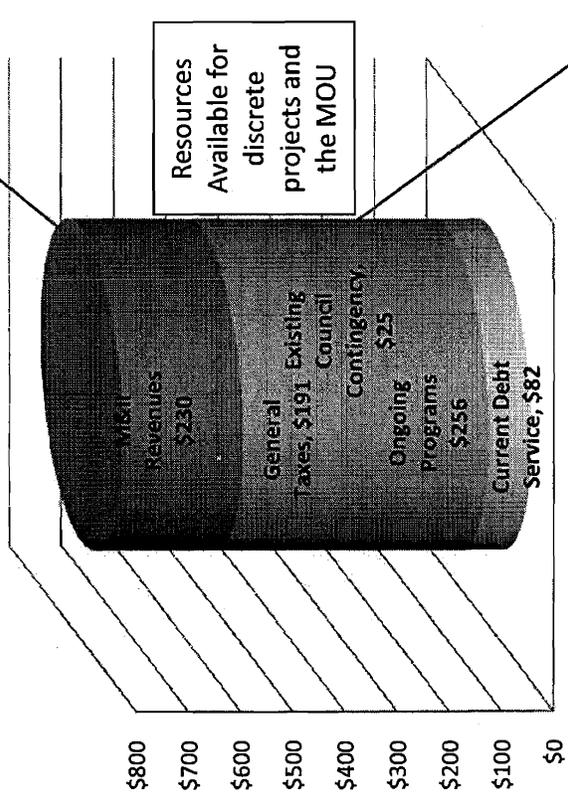
General Taxes	M&II Revenues
2008 Parks Levy Match Commitment (\$17.5M)	120th Avenue Stage 3 (\$20.7M)
W Lk Samm- complete Phase 2 to Weowna Park (\$5.7M)	NE 15th St -Segment 1 (\$75.3M) • partial Category 2 MOU Property Acquisition
Backup Cooling System in City Hall (\$0.1M)	
Left Turn Restrictions Downtown (\$0.3M)	
Northup Way /Bellevue Way to NE 24th St (\$1.0M)	
Intersection Improv Downtown (\$7.5M)	
Chism/Clyde Park Restoration/Redevelopment (\$5.0M)	
Sidewalk and Other Ped Improv Dntwn (\$5.0M)	
Neighborhood Sidewalks (\$20.0M)	
NE 2nd St Park Row, north of 2nd 108th-111th (\$20.7M)	
Downtown Fire Station (\$6.5M)	
124th Ave NE at SR-520 (\$0.3M)	
Mid-Block Crossings (\$4.0M)	
Bel-Red Park Acquisition/Development (\$20.0M)	
Category 1 MOU: No Cost to Low Cost (\$2.5M)	
Category 2 MOU: Property Acquisitions (balance)	
Category 3MOU : Bellevue Way HOV (\$25.0M)	
Finance Cost Placeholder (\$30M)	Finance Cost Placeholder (\$7M)

**REVENUE AND PROJECT SCENARIOS
FOR ILLUSTRATIVE PURPOSES ONLY**

Package #3 - Basic Out Year CIP & Full

M&I

(\$ in millions)



Package #3 - Basic Out Yr + Full M&I

Package 3 assumes basic out-year CIP resources plus all of the M&I revenues for the period 2018-2030.

These scenarios are intended as an exercise to illustrate how far revenues may go towards funding the MOU investment and other city needs. These are not meant to represent conclusions as to whether any particular project should be in or out of future CIPs, nor have these scenarios been endorsed by the City Council.

Potential Project Expenditures

General Taxes	M&I Revenues
2008 Parks Levy Match Commitment (\$17.5M)	120 th Avenue Stage 3 (\$20.7M)
W Lk Samm - complete Phase 2 to Weowna Park (\$5.7M)	NE 15 th St --Segment 1 (\$92.8M) •Partial Category 2 MOU Property Acquisitions
Backup Cooling System in City Hall (\$0.1M)	
Left Turn Restrictions Downtown (\$0.3M)	Other Category 2 MOU Property Acquisitions
Northrup Wy /Bellevue Wy to NE 24 th (\$1.0M)	
Intersection Improv Downtown (\$7.5M)	124 th Ave NE/NE 15 th /16 th St to Northrup (\$17.2M)
Chism/Clyde Park Restoration/Redevel (\$5.0M)	Neighborhood Sidewalks (\$20.0M)
Sidewalk and Other Ped Improv Dntwn (\$5.0M)	Bel-Red Land Acquisitions (\$27.0M)
NE 2 nd St Park Row, north of 2 nd 108 th -111 th (\$20.7M)	Downtown Fire Station (\$6.5M)
124 th Ave NE at SR-520 (\$0.3M)	Pedestrian Corridor Improvements (\$3.0M)
Mid-Block Crossings (\$4.0M)	
Meydenbauer Bay Park & Connection (\$30.6M)	
Bel-Red Park Acquisition/Development (\$20.0M)	
Northwest Village Neighborhood Park (\$10.0M)	
NE 2 nd St Widening from Bellevue Way to 112 th (\$20.8M)	
Ashwood Park Development (\$10.0M)	
Business Intelligence/Performance Management System (\$0.5M)	
108 th Ave NE from Main St to NE 12 th (\$6.5M)	
Category 1 MOU: No Cost to Low Cost (\$2.5M)	
Category 3 MOU: Bellevue Way HOV (\$32.0M)	
Finance Cost Placeholder (\$23M)	Finance Cost Placeholder (\$10M)

**CITY OF BELLEVUE
MUNICIPAL DEBT LIMIT PROJECTION
(Statutory and Council Policy)
Councilmanic (Non-Voted) Debt Only
From 2011 Through 2030
(\$ in thousands)**

DESCRIPTION	2011	2012	2013	2014	2015	2016	2017
<u>Statutory Limit</u>							
Assessed Valuation (AV)	\$32,078,713	\$32,720,287	\$33,374,693	\$34,042,187	\$34,723,031	\$35,417,491	\$36,125,841
Statutory Debt Limit (Councilmanic 1.50%)	\$481,181	\$490,804	\$500,620	\$510,633	\$520,845	\$531,262	\$541,888
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$191,469	\$185,890	\$180,655	\$175,180	\$170,304	\$165,071	\$159,657
Remaining Debt Capacity (Statutory Limit)	\$289,712	\$304,914	\$319,965	\$335,453	\$350,541	\$366,191	\$382,231
<u>Policy Limit</u>							
Policy Limit (Councilmanic 1.00%)	\$320,787	\$327,203	\$333,747	\$340,422	\$347,230	\$354,175	\$361,258
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$191,469	\$185,890	\$180,655	\$175,180	\$170,304	\$165,071	\$159,657
Remaining Debt Capacity (Policy Limit)	\$129,318	\$141,313	\$153,092	\$165,242	\$176,926	\$189,104	\$201,601

**CITY OF BELLEVUE
MUNICIPAL DEBT LIMIT PROJECTION
(Statutory and Council Policy)
Councilmanic (Non-Voted) Debt Only
From 2011 Through 2030
(\$ in thousands)**

DESCRIPTION	2018	2019	2020	2021	2022	2023	2024
<u>Statutory Limit</u>							
Assessed Valuation (AV)	\$36,848,358	\$37,585,325	\$38,337,032	\$39,103,772	\$39,885,848	\$40,683,565	\$41,497,236
Statutory Debt Limit (Councilmanic 1.50%)	\$552,725	\$563,780	\$575,055	\$586,557	\$598,288	\$610,253	\$622,459
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$154,147	\$148,979	\$144,302	\$138,761	\$133,064	\$127,136	\$121,107
Remaining Debt Capacity (Statutory Limit)	\$398,578	\$414,801	\$430,753	\$447,796	\$465,224	\$483,117	\$501,352
<u>Policy Limit</u>							
Policy Limit (Councilmanic 1.00%)	\$368,484	\$375,853	\$383,370	\$391,038	\$398,858	\$406,836	\$414,972
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$154,147	\$148,979	\$144,302	\$138,761	\$133,064	\$127,136	\$121,107
Remaining Debt Capacity (Policy Limit)	\$214,337	\$226,874	\$239,068	\$252,277	\$265,794	\$279,700	\$293,865

CITY OF BELLEVUE
MUNICIPAL DEBT LIMIT PROJECTION
 (Statutory and Council Policy)
 Councilmanic (Non-Voted) Debt Only
 From 2011 Through 2030
 (\$ in thousands)

DESCRIPTION	2025	2026	2027	2028	2029	2030
<u>Statutory Limit</u>						
Assessed Valuation (AV)	\$42,327,181	\$43,173,724	\$44,037,199	\$44,917,943	\$45,816,301	\$46,732,627
Statutory Debt Limit (Councilmanic 1.50%)	\$634,908	\$647,606	\$660,558	\$673,769	\$687,245	\$700,989
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$114,950	\$109,795	\$104,840	\$100,680	\$96,315	\$91,740
Remaining Debt Capacity (Statutory Limit)	\$519,958	\$537,811	\$555,718	\$573,089	\$590,930	\$609,249
<u>Policy Limit</u>						
Policy Limit (Councilmanic 1.00%)	\$423,272	\$431,737	\$440,372	\$449,179	\$458,163	\$467,326
Less: Bonds and Other Debt Outstanding (Councilmanic Debt)	\$114,950	\$109,795	\$104,840	\$100,680	\$96,315	\$91,740
Remaining Debt Capacity (Policy Limit)	\$308,322	\$321,942	\$335,532	\$348,499	\$361,848	\$375,586



DATE: September 19, 2011

TO: Mayor Davidson and City Councilmembers

FROM: Dan Stroh, Department of Planning & Community Development, 452-5255
Jan Hawn, Finance Department, 452-6846

SUBJECT: Responses to Questions from Council

Attached are questions submitted by Councilmember Wallace (September 10 email-Attachment I-1) and questions posed by Council at the September 12 Council meeting. Staff provided responses to the first five questions from Councilmember Wallace at the September 12 meeting.

- 1. My understanding is that ST is planning to open EastLink in 2022, and commence construction in 2016. If so, we need to execute on the projects faster than 2018. How can we use only 2018-2030 projected revenues (Package #1) if we need \$XXmillion in 2016? I'd like to see a schedule from 2012 to 2030 that lists out the Projects we are discussing with ST (e.g., Bellevue Way expansion), identifies the years in which they will need to be performed and the resources that will be required to perform them.*

Response:

The precise MOU contributions under discussion with Sound Transit are still very much a work in progress. Ultimately, of course, the list of approved projects will be a Council decision. A staff proposal should be part of the agenda materials for the Council meeting next week (September 19). The items under development include some items at no cost to the City, like use of existing City properties. Other contributions would serve additional City purposes beyond the East Link credit, but require considerable capital outlays.

As noted in this question, the timing of these City expenditures is a critical issue. Sound Transit is currently scheduling East Link utility and site prep work to begin in 2014. City contributions of items like property acquisitions or utility relocates would be needed early in the process, around 2014-15, far in advance of the out-year CIP resources described in tonight's agenda memo. To tap these later-year revenue sources in the East Link timeframe, the Council would need to issue debt, which would be an important part of the Council's policy deliberations. Staff will ensure that the timing of project contributions and implications for the City's debt and finance costs are part of the materials forthcoming to Council.

- 2. What is the current state of the impact fee collections, actual vs. budget? 2011 CIP says \$9,262,000 in impact fees will arrive. How much has actually arrived and what is the projection through year end? Please provide a list of the projects that have paid impact fees as well as the amount of impact fees they have paid.*

Response:

Attachment I-2 to this memo reflects transportation impact fees that were included in the 2011-2017 CIP compared to actual collections to date.

3. *Please confirm that the Council Contingency funds from 2011-2017 CIP should now be eliminated due to slower than anticipated revenue growth.*

Response:

The economic downturn has a projected impact on the 2011-2017 CIP of \$25 million. Whether or not Council Contingency is used to make the CIP whole, or projects are cut or deferred, is a policy decision that the Council will need to make as various trade-offs are considered.

4. *The table on page 3-21 says "Less Current Debt Service (\$82)". What line items of debt service make up \$82 million between 2018 and 2030? E.g., if City Hall loan is a component, please provide the annual debt service for each year 2018-2030.*

Response:

Attachment I-3 shows the debt service payments for existing debt from 2018-2030.

5. *The table says "Less Ongoing Programs (\$190)" and "Restoration of Ongoing Programs (\$66)". What are the specific projects and associated dollar amounts for each category?*

Response:

Attachment I-4 identifies a list of ongoing programs included in the 2011-2017 CIP, and the list of ongoing programs that have been proposed to be restored in order to adhere to the City's policy of maintaining what we build before making new investments.

Additional Questions from Councilmember Wallace (September 10 email)

The following are responses to the remaining questions from Councilmember Wallace's September 10 email.

6. *I question the viability of the LID for 15th. Before we count that as a line item on the revenue side I'd need to see more detail on the proposed special benefit area. Also, we can't do an LID for just the acquisition of the Teledesic building, which currently is the only project in the project list that is associated with 15th. Therefore please confirm that if the LID is counted as a revenue source for this discussion we would need to include Zone 1 of 15th as an ongoing program (i.e., it would reduce the project available revenue to allocate to projects).*

Response

The Mobility and Infrastructure Finance Plan included the formation of two LIDs. Based on preliminary analysis during the summer of 2008, it was estimated that private property benefitting from the NE 4th/120th Corridor (NE 4th to NE 12th Streets) could support a \$10 million LID. The 2008 analysis concluded that property in the Bel-Red area benefitting from the remainder of the 120th Corridor, the improvements to 124th Avenue NE, and the new NE 15/16th corridor (to 124th Avenue NE) could support a \$46 million LID.

Many factors influence the feasibility and the revenue generation potential of an LID including, but not limited to:

- Project scope and design elements (cross section, multi-modal components, aesthetics, etc.);
- Benefits of the new facilities (congestion relief, access, etc.);

- Timing of the construction in terms of planned development;
- Dynamics of the property market;
- Economic conditions including vacancy rates and demand studies.

An actual assessment of the boundary recommendation and private property share for a future LID cannot be determined without additional project design and real estate market analysis.

Without addressing any specific properties, it is true that if an LID is counted as a revenue source for an MOU contribution, the assumptions about project expenditures need to align with that decision.

7. *For the property tax increases, what interest rate and amortization period are you assuming for the bonds? Is interest included in the \$51M/\$101M estimate or in addition to? That is, would we be producing \$51M in revenue that could be applied to the \$160M obligation or would we need to first deduct the debt service before we got to the net amount that could be applied to the \$160M obligation.*

Response

The interest rate assumed for the bonds supported by property tax increases ranges from 4.5% to 6%. Each bond issuance is assumed to be 20 year debt with level annual debt service (principal payback increases and interest decreases each year). For modeling purposes, \$13.5 million (in real dollars) is assumed for each issuance.

The \$51M (Package #2) and \$101M (Package #3) represent the amount of bonds that could be supported by a 3% property tax, i.e., the property tax revenue generated is sufficient to cover annual principal and interest costs on the bonds. The estimated amounts \$51M/\$101M would be available to fund projects as identified by Council.

8. *Are any of the right of way dedications in Package #3 coming from projects like 4th that are budgeted to be completed in the current CIP? If so shouldn't those dedications be included in all packages? Are there any other right of way dedications that we can assume for years after 2015?*

Response

There are no secured or expected right of way dedications to projects that are funded in the current CIP, including the NE 4th Street Extension (CIP Plan No. PW-R-160) or 120th Avenue NE Improvements, Stages 1 & 2 (CIP Plan Nos. PW-R-161 & R-164). Currently, there are no specific right of way dedications identified beyond 2015; this remains a general category in the M&II Finance Plan.

9. *Please refresh my memory on the Bel-Red Taxes of \$10M and the incentive zoning revenues of \$13.2M. What is the basis for this revenue and why is it constrained to 2019-2030 and 2013-2017?*

Response

The Endorsed M&II Finance Plan assumes that new development in the Bel-Red area will generate net new general tax revenues (“incremental” revenues) to the City. The Plan dedicates 40% of these revenues from Bel-Red growth to pay for the capital investments needed to support Bel-Red development. The amount and timing of Bel-Red taxes assumed in Revenue Package #3 is simply a placeholder for the amount included in the endorsed Plan.

The Plan also includes a provision that links the density of private development to participation in the incentive zoning program, where additional density above a base level is allowable only if that development provides park land, stream corridor improvements, or affordable housing. The amount of incentive zoning assumed in Revenue Package #3 takes into account recent Council discussion and amendments to the incentive zoning program (i.e., catalyst project provision).

10. *If we borrowed \$101M in new to year bonds would we be pushing the limits of our AAA credit rating?*

Response

Credit ratings focus on an issuer's ability and willingness to meet its financial obligations and the likelihood that it may default on an obligation. Therefore, issuing \$101M in long-term debt would not, in itself, negatively impact our AAA credit rating.

The City's indebtedness is limited by RCW and is further limited by the Council Dept Policy. The limitations are applied to the City's assessed value to arrive at a dollar value limit of indebtedness. The City's 2011 assessed value is \$32,078,743,330. The following table provides a summary of the City's indebtedness.

Type of Debt	RCW Statutory Limitations		Council Debt Policy Limitations		Estimated Usage as of 12/31/2011	
	% of AV	\$	% of AV	\$	% of AV	\$
General Obligation:	2.5%	\$801.97M	1.75%	\$561.37M	0.60%	\$191.47M
Non-Voted	1.5%	\$481.18M	1.0%	\$320.78M	0.60%	\$191.47M
Voted	1.0%	\$320.79M	0.75%	\$240.59M	0.00%	\$0

Over time, as Assessed Value changes and existing debt is paid off, debt capacity will increase substantially.

11. *Please prepare a list of unfunded projects that are not included in the "Ongoing Programs" lists - - e.g., Meydenbauer Park, Bel-Red Projects, Downtown Projects, Park Levy Projects. Include the current cost estimates.*

Response

Attachments D1 and D2 of tonight's main Council agenda packet includes a smaller sub-set of all potential needs to capture the most tangible picture of priority needs. This is not a fully encompassing list of all potential needs but rather is consistent with recent Council discussions.

12. *Last year we adopted a Council policy that shifted revenue allocations more heavily to Operating than CIP and then said that future growth in revenues for the Operating Budget would be capped at inflation (or something like that) and the rest would go to CIP until we had restored the pre-2011 splits. Can you recall the exact policy we came up with? How does this policy impact our projected revenues through 2030? At what point will operating expenses outstrip the allocated operating revenues under this policy, such that the operating side of the budget would require us to raise taxes? (For example, if health care costs are increasing at 11%/year and op ex revenue increases are capped at inflation then ultimately health care costs will make it difficult to maintain the operating budget without raising taxes or making undesirable spending cuts).*

Response

The following is an excerpt from the City's Comprehensive Financial Management Policies (page 9-20 in the 2011-2012 Budget Document), updated to reflect the Council's latest policy direction.

Section XI.H Non-Utility CIP Maintenance and Operating (M&O) Costs

Proposals for CIP project funding shall include the estimated future M&O cost, to provide full cost disclosure. Such M&O costs anticipated to be incurred in the upcoming biennium should be included in operating budget proposals for funding consideration. As of 2011, funding for existing CIP M&O is provided by a distribution of the City's sales tax revenue, split between 75% General Fund and 25% CIP. The dollar amount for CIP M&O is adjusted upward each year by the anticipated Consumer Price Index for all Urban Consumers (CPI-U) after first making any necessary adjustments (e.g., partial vs. full-year costs) and eliminating any one-time items. The distribution amounts should be reviewed periodically by Council for reasonableness and potential adjustment.

As the City continues to make investments in new capital infrastructure, the CIP may well result in increasing M&O pressures on the operating budget. There are various ways to deal with these pressures, including revising maintenance and service levels, and increasing revenues/taxes. This will be a future Council policy decision.

Questions raised at the September 12 Council meeting

13. *What is the discount rate used by Sound Transit?*

Response

Staff is working with Sound Transit on a response to this question, and will have this response for the September 19 Council meeting.

14. *Is it still realistic to increase the impact fee rate as adopted? Please provide comparison of impact fee rates to other jurisdictions.*

Response

The adopted impact fee rate is currently set at \$2,000 per PM Peak Hour trip generated by new development. Also as adopted, this fee rate increases to \$3,000/trip on January 1, 2013 and to \$5,000/trip on January 1, 2016.

Based on Council comments made at the time the current impact fee program was adopted (including the specified step increases), staff committed to return to Council with a review of the program prior to the next scheduled fee increase on January 1, 2013. An update of the current 2009-2020 TFP is included in the Transportation Department's 2011-2012 work plan (adopted per Budget One). Besides the specific impact fee projects listed within the TFP, the project cost estimates and capital revenue forecasts used in the TFP should be updated. The TFP's 12-year plan period must be adjusted and the City's land use growth forecasts within that timeframe should be reconfirmed.

An update of the impact fee comparison chart shown to Council in the past has been attached for your reference as Attachment I-5.

15. *Please provide a spreadsheet that includes the revenues year by year as assumed in the 2018-2030 funding available modeling.*

Response

Attachment I-6 includes the revenues by year for each of the three revenue packages presented to Council on September 12.

Staff will return on September 19 to follow up with additional detail to aid in Council decision making relative to the East link MOU.

Attachments:

- I-1 Council Member Wallace's Email
- I-2 Transportation Impact Fee Analysis
- I-3 Debt Payments Funded by CIP
- I-4 Ongoing Programs
- I-5 Impact Fee Comparison Chart
- I-6 Future CIP Revenues Out to 2030

Hawn, Jan

From: Wallace, Kevin R
Sent: Saturday, September 10, 2011 9:10 PM
To: Stroh, Dan; Hawn, Jan
Cc: Sarkozy, Steve
Subject: Improvements of Existing CIP Revenue Shortfall on the East Link MOU

Thanks for the above-referenced memo. Please address the following questions. I'd like to have the answers to the first 5 for the meeting Monday night:

1. My understanding is that ST is planning to open EastLink in 2022, and commence construction in 2016. If so, we need to execute on the projects faster than 2018. How can we use only 2018-2030 projected revenues (Package #1) if we need \$XXmillion in 2016? I'd like to see a schedule from 2012 to 2030 that lists out the Projects we are discussing with ST (e.g., Bellevue Way expansion), identifies the years in which they will need to be performed and the resources that will be required to perform them.

2. What is the current state of the impact fee collections, actual vs. budget? 2011 CIP says \$9,262,000 in impact fees will arrive. How much has actually arrived and what is the projection through year end? Please provide a list of the projects that have paid impact fees as well as the amount of impact fees they have paid.

Note: Also, impact fees must be a proportionate share of capacity projects appearing in the 12 year TFP. We will need to evaluate the viability of performing the TFP projects within the next 12 years as we look at this project. Clearly a number of the projects that are currently in the TFP will not be performed in the next 12 years if we are refocusing our priorities to enable the tunnel funds. This calls into question the ability to just arbitrarily raise the impact fee to \$5,000. It may still be possible, especially if Bellevue Way is added, but we will need to make sure we still comply with state law when it comes to calculation of impact fees.

3. Please confirm that the Council Contingency funds from 2011-2017 CIP should now be eliminated due to slower than anticipated revenue growth.

4. The table on page 3-21 says "Less Current Debt Service (\$82)". What line items of debt service make up \$82million between 2018 and 2030? E.g., if City Hall loan is a component, please provide the annual debt service for each year 2018-2030.

5. The table says "Less Ongoing Programs (\$190)" and "Restoration of Ongoing Programs (\$66)". What are the specific projects and associated dollar amounts for each category?

6. I question the viability of the LID for 15th. Before we count that as a line item on the revenue side I'd need to see more detail on the proposed special benefit area. Also, we can't do an LID for just the acquisition of the Teledesic building, which currently is the only project in the project list that is associated with 15th. Therefore please confirm that if the LID is counted as a revenue source for this discussion we would need to include Zone 1 of 15th as an ongoing program (i.e., it would reduce the project available revenue to allocate to projects).

7. For the property tax increases, what interest rate and amortization period are you assuming for the bonds? Is interest included in the \$51M/\$101M estimate or in addition to? That is, would we be producing \$51M in revenue that could be applied to the \$160M obligation or would we need to first deduct the debt service before we got to the net amount that could be applied to the \$160M obligation.

8. Are any of the right of way dedications in Package #3 coming from projects like 4th that are budgeted to be completed in the current CIP? If so shouldn't those dedications be included in all packages? Are there any other right of way dedications that we can assume for years after 2015?

9. Please refresh my memory on the Bel-Red Taxes of \$10M and the incentive zoning revenues of \$13.2M. What is the basis for this revenue and why is it constrained to 2019-2030 and 2013-2017?

10. If we borrowed \$101M in new to year bonds would we be pushing the limits of our AAA credit rating?

11. Please prepare a list of unfunded projects that are not included in the "Ongoing Programs" lists -- e.g., Meydenbauer Park, Bel-Red Projects, Downtown Projects, Park Levy Projects. Include the current cost estimates.

13. Last year we adopted a Council policy that shifted revenue allocations more heavily to Operating than CIP and then said that future growth in revenues for the Operating Budget would be capped at inflation (or something like that) and the rest would go to CIP until we had restored the pre-2011 splits. Can you recall the exact policy we came up with? How does this policy impact our projected revenues through 2030? At what point will operating expenses outstrip the allocated operating revenues under this policy, such that the operating side of the budget would require us to raise taxes? (For example, if health care costs are increasing at 11%/year and op ex revenue increases are capped at inflation then ultimately health care costs will make it difficult to maintain the operating budget without raising taxes or making undesirable spending cuts).

Transportation Impact Fees Analysis

	2011	2012	2013	2014	2015	2016	2017	Total 2011-2017
TRIPS								
Adopted 2011-2017 CIP	300	949	1,150	1,298	1,500	1,500	1,600	8,297

	2011	2012	2013	2014	2015	2016	2017	Total 2011-2017
RATE								
Adopted 2011-2017 CIP: \$2,000 for 2 years, increase to \$3,000 for three years, increase to \$5,000 in 2016	\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$5,000	\$5,000	N/A
No rate increase: \$2,000 no increase	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	N/A

	\$ in millions							Total 2011-2017
IMPACT FEE REVENUE								
Adopted 2011-2017 CIP: \$2,000 for 2 years, increase to \$3,000 for three years, increase to \$5,000 in 2016	\$0.6	\$1.9	\$3.5	\$3.9	\$4.5	\$7.5	\$8.0	\$29.8
No rate increase: \$2,000 no increase	\$0.6	\$1.9	\$2.3	\$2.6	\$3.0	\$3.0	\$3.2	\$16.6
Variance if Impact Fee Rate remains @ \$2,000	\$0.0	\$0.0	(\$1.2)	(\$1.3)	(\$1.5)	(\$4.5)	(\$4.8)	(\$13.2)

	\$ in millions	
	2010	2011
Budget to Actual Performance		
Adopted Budget	\$0.0	\$0.6
Actuals	\$0.2	\$0.4
Year End Projection	\$0.2	\$0.6

Councilmember Wallace's Question
 Councilmember Wallace's question references 2011 impact fee budget as \$9.3M. This amount is actually the amount of impact fee revenue that would be used to ultimately fund project costs budgeted for 2011. Impact fees totaling \$29.8M were projected to be collected through 2017 and cash flow borrowing would be required to make up for the frontloading of the project costs.

Transportation Impact Fees Paid - January 1, 2010 thru Sept 12, 2011

Date Pd	Permit #	Paid By	Development	Paid Amt
01/04/10	09 127014 BS	Camwest Development/Lance Wiley	Single Family Residence	1,768.00
01/15/10	09 118941 BS	Camwest Development	Single Family Residence	1,768.00
01/15/10	09 118943 BS	Camwest Development	Single Family Residence	1,768.00
01/21/10	09 130961 BS	Camwest Development Lance Wiley	Single Family Residence	1,768.00
01/26/10	09 130366 BS	Camwest Development Justin Osborne	Single Family Residence	1,768.00
02/01/10	09 130230 BS	Camwest Development Justin Osborne	Single Family Residence	1,768.00
02/10/10	09 132553 BS	Camwest Development Lance Wiley	Single Family Residence	1,768.00
03/01/10	10 102756 BS	Camwest Development/Justin Osborne	Single Family Residence	1,768.00
03/02/10	09 132817 BS	Camwest Development Lance Wiley	Single Family Residence	1,768.00
03/11/10	09 130645 BS	Ross Adams	Single Family Residence	1,768.00
03/19/10	09 122992 BS	Anderson Dev Misty Andersen	Single Family Residence	1,768.00
03/24/10	10 102965 BS	Camwest Lakemont Place LLC	Single Family Residence	1,768.00
04/01/10	10 103701 BS	Camwest Lance Wiley	Single Family Residence	1,768.00
04/01/10	10 103709 BS	Camwest Lance Wiley	Single Family Residence	1,768.00
04/02/10	09 124720 BS	Jakobsen Development Inc	Single Family Residence	1,768.00
04/02/10	10 103702 BS	Scott Esping/Camwest	Single Family Residence	1,768.00
04/22/10	10 103143 BS	Scott Esping Camwest Dev	Single Family Residence	1,768.00
04/26/10	10 106037 BS	Roger Hughes	Single Family Residence	1,296.69
04/27/10	09 129574 BS	Ben Leland Construction	Single Family Residence	1,768.00
04/27/10	10 103704 BS	Lance Wiley Camwest Development	Single Family Residence	1,768.00
05/03/10	10 103707 BS	Scott Esping Camwest Development Inc	Single Family Residence	1,768.00
05/05/10	10 106566 BS	Roger Hughes	Single Family Residence	1,768.00
05/05/10	10 105636 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
05/07/10	10 106379 BS	Camwest Development/Lance Wiley	Single Family Residence	1,768.00
05/14/10	10 106856 BS	Lance Wiley Camwest Development	Single Family Residence	1,768.00
05/24/10	07 117904 BM	Clean Energy	Natural Gas Fueling Station	2,435.66
05/25/10	09 133845 BS	Scott Esping/Camwest development Inc	Single Family Residence	1,768.00
05/28/10	10 103341 BS	Lance Wiley Camwest Dev	Single Family Residence	1,768.00
05/28/10	10 106377 BS	Camwest Development Inc/Scott Esping	Single Family Residence	320.50
06/11/10	10 109327 BS	Roger A Hughes	Single Family Residence	1,768.00
06/14/10	10 106340 BS	Roger Hughes	Single Family Residence	1,296.69
06/14/10	10 106859 BS	Camwest Spring Creek LLC	Single Family Residence	1,768.00
06/21/10	10 109413 BS	Scott Esping	Single Family Residence	1,768.00
06/22/10	09 121577 BB	DR Horton Seattle American Builder	Bella Vista Townhomes, Bldg. A	5,442.00
06/22/10	09 121580 BB	DR Horton Seattle American Builder	Bella Vista Townhomes, Bldg. B	7,256.00
07/02/10	10 109748 BS	Camwest Lakemont Place LLC	Single Family Residence	1,768.00
07/06/10	10 106457 BS	Camwest Development Lannce Wiley	Single Family Residence	1,768.00
07/13/10	10 112778 BS	Sal Cohen	Single Family Residence	1,768.00
07/21/10	10 109198 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109199 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109200 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109201 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109202 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109204 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109205 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109206 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109207 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109208 BM	DR Horton Seattle	Single Family Residence	1,768.00
07/21/10	10 109412 BS	Lance Wiley Camwest Dev	Single Family Residence	1,768.00
07/27/10	10 109752 BS	Camwest Development Inc/Scott Esping	Single Family Residence	1,768.00
07/27/10	10 109756 BS	Camwest Development Inc/Scott Esping	Single Family Residence	1,768.00
07/30/10	10 111631 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
08/23/10	09 129990 BB	Baker Main LLC	Baker Main Apartments (74 units)	40,027.24
09/02/10	10 110095 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
09/03/10	09 129476 BS	PMC General Contractors/Patrick A Jones	Single Family Residence	1,768.00
09/08/10	10 117136 BS	Glenn Montero	Single Family Residence	1,768.00
09/16/10	10 110103 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
09/27/10	10 110100 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
10/13/10	10 115163 BS	Camwest Development Scott Esping	Single Family Residence	1,768.00
11/03/10	10 116891 BM	Chaplin's Automotive Group	Building Addition	13,441.86
11/16/10	09 130715 BB	Unimark Construction Group LLC	Key Bank	34,991.92
11/23/10	10 121686 BS	Hui, William	Single Family Residence	1,768.00
12/06/10	10 120219 BS	Ms Clorinda Morelli Edson	Single Family Residence	1,768.00
		Total 2010		201,980.56

Transportation Impact Fees Paid - January 1, 2010 thru Sept 12, 2011

Date Pd	Permit #	Paid By	Development	Paid Amt
02/04/11	10 126099 BS	Terrene at Lakemont LLjC	Single Family Residence	1,768.00
03/02/11	10 125429 BS	Camwest Development Lance Wiley	Single Family Residence	1,768.00
03/10/11	10 125427 BS	Camwest Development/Lance Wiley	Single Family Residence	1,768.00
03/28/11	11 103284 BS	Troy Schmeil	Single Family Residence	1,768.00
03/28/11	11 103287 BS	Troy Schmeil	Single Family Residence	1,768.00
03/28/11	10 124868 BS	Wayne C Parker III	Single Family Residence	1,768.00
04/14/11	10 129179 BS	Camwest Development Inc/Joe Naeseth	Single Family Residence	1,768.00
04/29/11	11 103781 BS	Camwest Cole LLC	Single Family Residence	1,768.00
05/09/11	10 120615 BB	Essex Portfolio LP	Woodland Commons Apartments	29,931.00
05/09/11	10 120844 BB	Essex Portfolio LP	Woodland Commons Apartments	29,931.00
06/14/11	11 104497 BB	Kelsey Creek Center, LLC	Building A Remodel & Addition	171,741.06
06/24/11	11 110332 BS	Tricia L Matthews	Single Family Residence	1,768.00
06/29/11	09 118959 BB	Northwest Development Portfolio Northup	Wintz Co., Self Storage Facility	92,207.94
06/29/11	11 105491 BS	Scott Esping	Single Family Residence	1,768.00
06/29/11	11 111457 BS	Scott Esping	Single Family Residence	1,768.00
06/30/11	11 113785 BS	Terrene at Lakemone LLC	Single Family Residence	1,768.00
07/06/11	11 113465 BS	Scott Esping/Camwest	Single Family Residence	1,768.00
07/07/11	11 110937 BS	TD Home Partners LLC	Single Family Residence	1,768.00
07/07/11	11 110939 BS	TD Home Partners LLC	Single Family Residence	1,768.00
07/07/11	11 110942 BS	TD Home Partners LLC	Single Family Residence	1,768.00
07/07/11	11 104497 BB	Kelsey Creek Center LLC	Building A Fee Adjustment	1,000.00
07/07/11	11 110313 BB	Nat Franklin, Kelsey Creek Center	Building D, Retail Building Shell	6,856.84
07/12/11	11 105186 BS	Jagdeep Dhami	Single Family Residence	1,768.00
07/12/11	11 111455 BS	Camwest Development Inc/Scott W Esping	Single Family Residence	1,768.00
07/14/11	11 113638 BS	Camwest Development/Lance Wiley	Single Family Residence	1,768.00
07/14/11	11 111392 BS	Allenwood LLC	Single Family Residence	1,768.00
07/14/11	11 111394 BS	Allenwood LLC	Single Family Residence	1,768.00
07/20/11	11 103700 BS	Guo Wei	Single Family Residence	1,768.00
07/25/11	11 105490 BS	Camwest Development/Joe Naeseth	Single Family Residence	1,768.00
08/05/11	11 111462 BS	Camwest Development	Single Family Residence	1,768.00
08/16/11	11 114706 BS	Jeffrey Scherpelz	Single Family Residence	1,768.00
08/16/11	11 111452 BS	Camwest Development	Single Family Residence	1,768.00
08/18/11	11 110391 BB	All Saints Lutheran Church	Detached Hall & Classroom	4,219.74
08/18/11	11 114095 BS	Jay and Larissa Massena	Single Family Residence	1,768.00
08/25/11	11 115182 BS	Terrene at Lakemont LLC	Single Family Residence	1,768.00
08/25/11	11 119392 BS	Camwest Development Inc/Joe Naeseth	Single Family Residence	1,768.00
Total 2011				387,159.58

Grand Total (1/1/2010 thru 9/12/2011)

589,140.14

Debt Payments funded by CIP
2018-2030
\$ in millions

Debt Issue Summary

Debt Issue	Year Debt Scheduled for Retirement	Initial Principal Amount Issued	Actual Principal Amount Outstanding @ 12/31/2010	Scheduled Principal Amount Outstanding @ 12/31/2017
2004 LTGO City Hall	2043	\$102.7	\$101.5	\$91.3
2006 LTGO City Hall	2026	\$6.1	\$5.2	\$3.3
2008 LTGO Supplemental CIP	2027	\$14.2	\$12.7	\$8.4
2010 LTGO - M&I	2030	\$11.8	\$11.8	\$8.6

Scheduled Principal and Interest Payments (Debt Service)

Year	2004 LTGO City Hall	2006 LTGO City Hall	2008 LTGO Supplemental CIP	2010 LTGO M&I	Total in Real Dollars	Total in 2010\$
2018	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$7.1
2019	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$7.0
2020	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.9
2021	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.8
2022	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.7
2023	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.6
2024	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.5
2025	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.4
2026	\$6.5	\$0.4	\$1.0	\$0.9	\$8.8	\$6.4
2027	\$6.5	\$0.4	\$1.0	\$0.9	\$8.4	\$6.0
2028	\$6.5			\$0.9	\$7.3	\$5.2
2029	\$6.5			\$0.9	\$7.3	\$5.1
2030	\$6.5			\$0.9	\$7.3	\$5.0
Total 2018-2030	\$84.1	\$4.0	\$10.3	\$11.2	\$109.7	\$82.0

Ongoing Programs
\$ in Millions

Current Ongoing Programs		
<p>Modeling Approach - Takes the annual amount of \$14.6M and extends the funding for the 13 year period (2018-2030) resulting in a total of \$190M for current ongoing programs. The exact programs and amounts will be determined in future budget discussions.</p>		
CIP Plan No.	CIP Program Description	Annual Amount 2010\$
PW-R-46	Major Safety Improvements	\$0.1
PW-W/B-49	Wheelchair Ramps	\$0.1
PW-W/B-56	Pedestrian Access Improvements	\$0.4
PW-M-1	Street Overlays	\$5.3
PW-M-2	Minor Capital - Traffic Operations	\$0.2
PW-M-19	Major Maintenance Program	\$0.6
PW-M-20	Minor Capital - Streets & Lighting	\$0.2
P-R-02	Enterprise Facility Improvements	\$0.4
P-R-11	Renov & Refurb of Park Facilities	\$4.0
PS-16	Renovation of Public Safety Facilities	\$0.8
CD-11	Public Art Program	\$0.4
CD-22	Enhanced ROW and Urban Blvds	\$0.6
NEP-1	Neighborhood Enhancement Program	\$1.5
NIS-2	Neighborhood Partnerships	\$0.1
Total Existing Ongoing Programs		\$14.6

Restoration of Ongoing Programs		
<p>Modeling Approach - High level modeling that simply takes the net total average annual allocation difference of \$5.1 million and assumes 13 years (2018-2030) are restored which results in \$66M. It does not attach amounts to specific programs. The exact programs and amounts will be determined in future CIP budget discussions.</p>		
CIP Plan No.	CIP Program Description	Average Annual Allocation Difference (2011-2017 CIP compared to 2009-2015 CIP)
PW-R-44	Transportation Planning Studies	\$0.13
PW-R-46	Major Safety Improvements	\$0.02
PW-R-87	Transportation Demand Management	\$0.14
PW-R-136	Traffic Safety Technologies	\$0.08
PW-I-84	Signal Warrant/Safety Program	\$0.16
PW-W/B-49	Pedestrian Facilities Compliance Program.	(\$0.03)
PW-W/B-53	Trail Maintenance Program	\$0.10
PW-W/B-56	Pedestrian Access Improvements	\$0.08
PW-M-1	Street Overlays	\$1.05
PW-M-2	Minor Capital - Signals & Lighting	\$0.21
PW-M-3	Curb, Gutter, and Sidewalk Rehabilitation	\$0.36

PW-M-7	Neighborhood Traffic Calming Program	\$0.62
Restoration of Ongoing Programs (continued)		
PW-M-8	Minor Capital Programs - Streets	\$0.08
PW-M-12	Citywide Rockeries Reconstruction	\$0.23
PW-M-19	Major Maintenance Program	(\$0.14)
PW-M-20	Minor Capital - Traffic Operations	(\$0.20)
P-AD-15	Property Acquisition	\$1.44
P-AD-27	Planning/Design for Existing/Future Parks	\$0.25
P-AD-34	Trail Development	\$0.20
P-AD-52	Mini Park Opportunities	\$0.66
P-AD-78	Citywide Streetscapes Enhancement Program	\$0.32
G-77	Right of Way Planting and Restoration Program (ESI)	\$0.05
P-R-02	Enterprise Facility Improvements	(\$0.04)
P-R-11	Renov & Refurb of Park Facilities	(\$0.58)
PS-16	Renovation of Public Safety Facilities	(\$0.02)
PS-19	Public Safety Facility Studies	\$0.02
CD-2	Community Development Planning	\$0.13
CD-22	Enhanced Right-of-Way and Urban Boulevards	(\$0.62)
NEP-1	Neighborhood Enhancement Program	\$0.21
NIS-2	NIS Future Areas	\$0.26
NIS-2	Neighborhood Partnerships	(\$0.10)
NIS-3	Neighborhood Community Building	\$0.03
Net Total Average Annual Variance		\$5.11

Notes

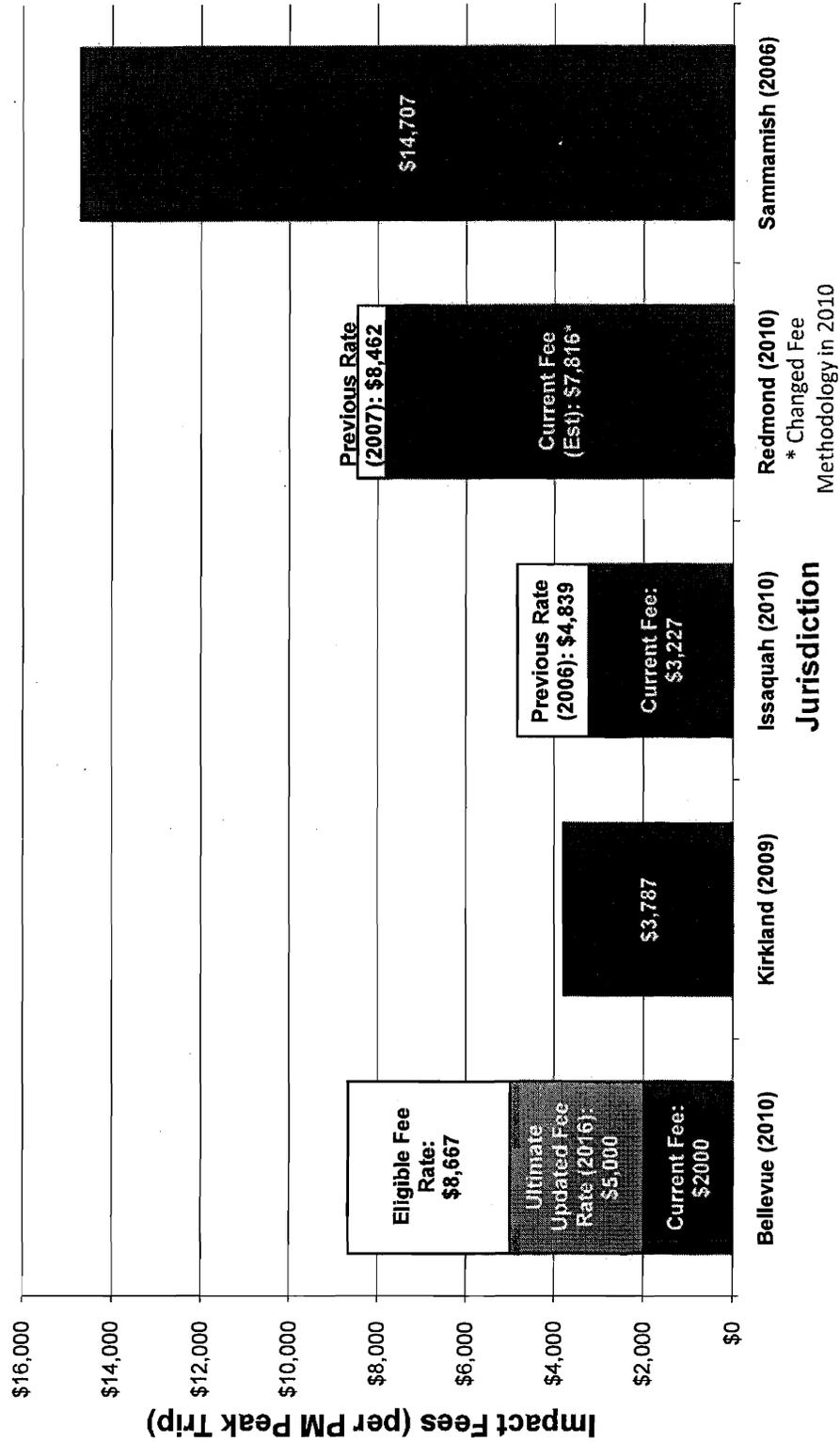
- The approach to modeling the "Restoration of Ongoing Programs" is very high level, simply taking the net total average annual allocation difference of \$5.1 million and assumes 13 years (2018-2030) are restored which results in \$66M. It does not attach amounts to specific programs. The programs and amounts will be determined in future CIP budget discussions.

- Staff understands that any restoration of "Planning Studies" would need to be aligned with Council policy direction on the split between the operating budget and the CIP.

- There are several programs with a negative amount, which indicates the program received a higher average annual allocation in the 2011-2017 and/or projects were consolidate. As noted above, the financial modeling simply takes the net total and is not project specific. The programs and amounts will be determined in future CIP budget discussions.

Local Agency Impact Fee Comparison

Cost per PM Peak Trip



Future CIP Revenues out to 2030
\$ in millions

Purpose: To provide a financial framework to assist the City Council in their policy discussions regarding the affordability of the East Link MOU. This is a long-term forecast (prepared in early 2011) that is based on a limited set of factors, which result in high level estimates of potential revenues for the forecast period. The reliability and confidence level of a forecast that projects out greater than 24-36 months is very low and becomes increasingly lower as the time horizon is extended.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
PACKAGE #1 - BASIC OUT-YEAR CIP RESOURCES																						
States in YOY \$																						
Sales Tax (Unrestricted)								19.8	20.7	22.2	23.8	25.6	27.4	29.2	31.2	33.2	35.3	37.5	39.8	42.1	\$367.9	
Sales Tax (Unrestricted)								7.5	7.8	8.1	8.4	8.7	9.1	9.5	9.8	10.2	10.6	11.1	11.5	11.7	\$75.9	
SEO Tax (Transportation restricted)								2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.2	3.3	3.4	3.5	3.7	3.8	39.7	
REE I (Transpiration restricted)								6.9	6.1	5.4	4.9	5.4	5.9	6.3	6.7	7.1	7.6	8.1	7.8	7.6	85.8	
REE II (Transpiration restricted)								5.9	5.1	5.4	4.9	5.4	5.9	6.3	6.7	7.1	7.6	8.1	7.8	7.6	85.8	
Impact Fees (\$2,000 in planned increases per trip - YOY \$)								2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	28.0	
Package #1 - Total Basic Out-Year CIP Revenue (2010 \$)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$45.5	\$45.7	\$45.7	\$46.7	\$47.9	\$49.1	\$50.2	\$51.5	\$52.9	\$54.3	\$55.7	\$57.2	\$58.7	\$743.3	
Package #1 - Total Basic Out-Year CIP Revenue (2010 \$)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$36.8	\$35.9	\$35.6	\$35.9	\$37.9	\$39.8	\$41.6	\$43.4	\$45.3	\$47.3	\$49.3	\$50.4	\$51.0	\$48.2	\$547.3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
PACKAGE #2 - BASIC OUT-YEAR CIP PLUS ROUGHLY HALF OF THE MOBILITY & INFRASTRUCTURE INITIATIVE (M&I) REVENUES																						
Package #1 - Total Basic Out-Year CIP Revenue (2010 \$)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$36.8	\$35.9	\$35.6	\$35.9	\$37.9	\$39.8	\$41.6	\$43.4	\$45.3	\$47.3	\$49.3	\$50.4	\$51.0	\$48.2	\$547.3
Add the following to Package #1:																						
Impact Fees - Incremental Rate Increase from \$2,000 to \$3,000 per trip - (YOY \$)								\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$13.0
LTO Bonds supported by Property Tax Increase (Four @3% and One @1.5%) - YOY \$								\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$60.8
Subtotal Revenues stated in (YOY \$)	\$0.0	\$0.0	\$13.5	\$0.0	\$13.5	\$0.0	\$13.5	\$1.0	\$14.5	\$1.0	\$7.8	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$73.8
Subtotal Revenues stated in (2010 \$)	\$0.0	\$0.0	\$12.4	\$0.0	\$11.6	\$0.0	\$11.1	\$0.8	\$11.5	\$0.8	\$5.0	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$60.7
ID Revenue (2010 \$)	\$0.0	\$0.0	\$12.4	\$0.0	\$11.6	\$0.0	\$11.1	\$0.8	\$11.5	\$0.8	\$5.0	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$60.7
Package #2 - Total Basic Out-Year CIP Plus Roughly Half M&I (2010 \$)	\$0.0	\$0.0	\$12.4	\$0.0	\$11.6	\$0.0	\$11.1	\$0.8	\$11.5	\$0.8	\$5.0	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$123.0
Package #2 - Total Basic Out-Year CIP Plus Roughly Half M&I (2010 \$)	\$0.0	\$0.0	\$12.4	\$0.0	\$11.6	\$0.0	\$11.1	\$0.8	\$11.5	\$0.8	\$5.0	\$0.8	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$123.0

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total	
PACKAGE #3 - BASIC OUT-YEAR CIP PLUS ALL OF THE MOBILITY & INFRASTRUCTURE INITIATIVE (M&I) REVENUES																						
Package #1 - Total Basic Out-Year CIP Revenue (2010 \$)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$36.8	\$35.9	\$35.6	\$35.9	\$37.9	\$39.8	\$41.6	\$43.4	\$45.3	\$47.3	\$49.3	\$50.4	\$51.0	\$48.2	\$547.3
Add the following to Package #1:																						
Impact Fees - Incremental Rate Increase from \$2,000 to \$5,000 per trip - (YOY \$)								\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$39.0
New Bel-Red Taxes (YOY \$)								\$6.0	\$6.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0	\$10.0
Incentive Zoning (YOY \$)								\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$2.6	\$13.2
LTO Bonds (Nine annual 3% property tax increases) (YOY \$)								\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$13.5	\$121.5
Subtotal Revenues stated in (YOY \$)	\$0.0	\$0.0	\$22.1	\$22.1	\$23.1	\$16.1	\$16.1	\$16.5	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$17.0	\$202.7
Subtotal Revenues stated in (2010 \$)	\$0.0	\$0.0	\$20.3	\$19.7	\$19.9	\$13.6	\$13.3	\$13.3	\$13.5	\$13.3	\$13.3	\$13.1	\$12.7	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$165.5
LID Revenue (2010 \$)	\$0.0	\$0.0	\$20.3	\$19.7	\$19.9	\$13.6	\$13.3	\$13.3	\$13.5	\$13.3	\$13.3	\$13.1	\$12.7	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$165.5
Package #3 - Total Basic Out-Year CIP Plus All M&I (2010 \$)	\$0.0	\$0.0	\$20.3	\$19.7	\$19.9	\$13.6	\$13.3	\$13.3	\$13.5	\$13.3	\$13.3	\$13.1	\$12.7	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$12.6	\$165.5

*Discount Factor to Deflate YOY \$ to 2010 \$
 102.7% 106.2% 108.8% 112.4% 116.4% 118.9% 121.3% 123.7% 125.8% 128.2% 130.1% 131.9% 133.6% 135.3% 137.0% 138.8% 140.6% 142.3% 144.0% 145.8%
 †Discount factor above is based on the WSDOT Construction Cost Index (CCI) and Global Insights Price Deflator for State and Local Highway and Streets Forecast



DATE: October 14, 2011

TO: Mayor Davidson and City Councilmembers

FROM: Jan Hawn, Finance Department; 452-6846
Toni Rezab, Finance Department; 452-7863

SUBJECT: Response to Questions from Council

The following is a response to Council’s questions, posed at the October 10 Council meeting, regarding the debt to total CIP ratio and how that changes with \$58 million of new debt.

Adopted 2011-2017 CIP – Debt to Total CIP Ratio

For the adopted 2011-2017 CIP, debt payments make up approximately 20% of the total CIP as illustrated in the table below.

	\$ in millions (Real Dollars)
Adopted 2011-2017 CIP	
Total CIP Revenues	\$356.8
<u>CIP Revenues Allocated to:</u>	
Ongoing Programs	\$102.8
Discrete Projects	\$181.9
CIP Debt Payments	\$72.1
As a % of Total 2011-2017 CIP Revenues	20%

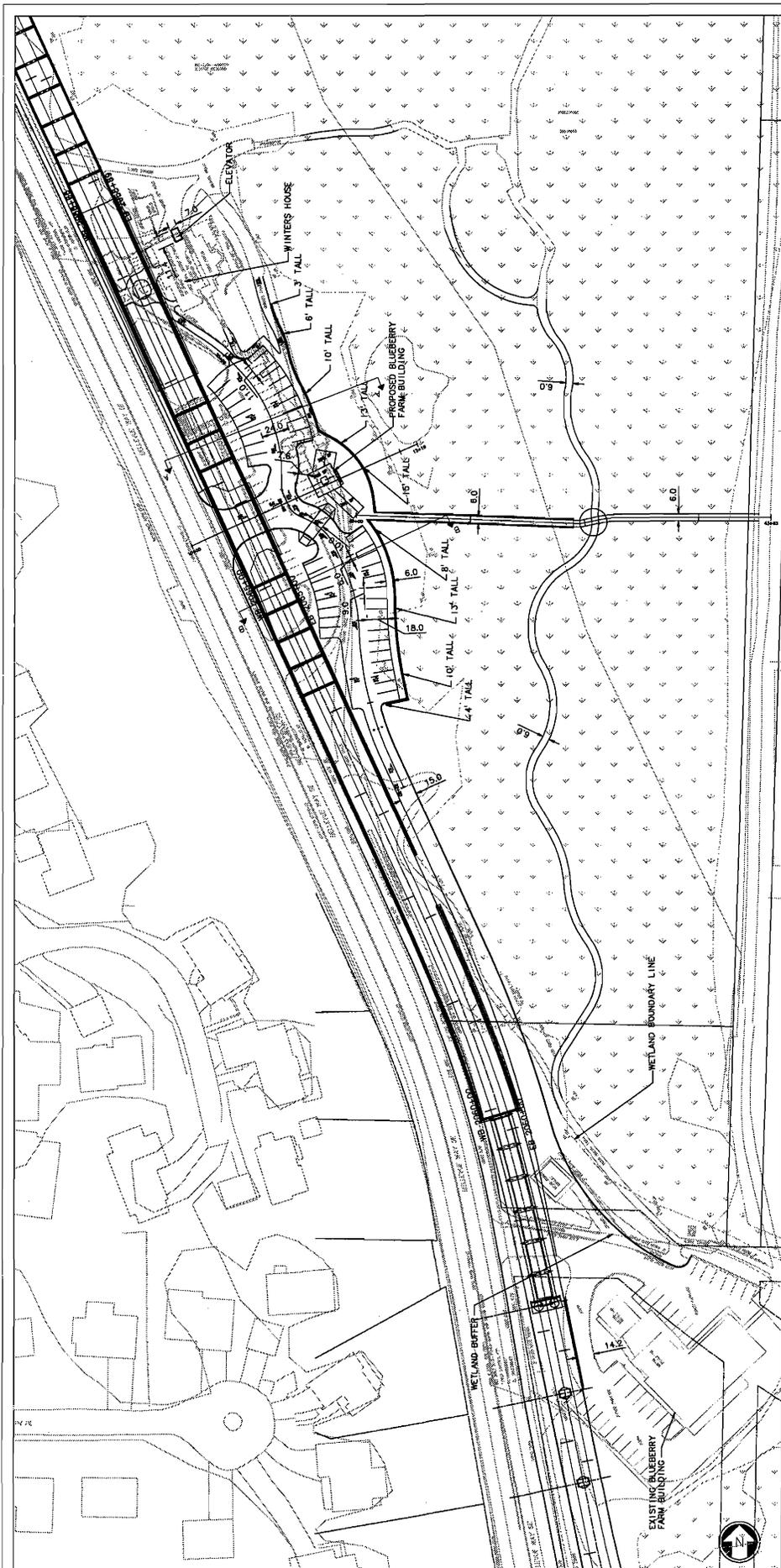
How does the ratio change with \$58 million of debt?

Assuming \$58 million of 20 year debt were issued in 2014 and debt payments begin in 2015, the ratio of debt payments to the total CIP increases to 24% as illustrated in the table below.

	\$ in millions (Real Dollars)
Debt payments would begin the year after issuance 2015	
2015	\$4.5
2016	\$4.5
2017	\$4.5
Total Potential Debt Payments for \$58M Debt	\$13.5
Adjusted CIP Debt Payments	\$85.6
As a % of Total 2011-2017 CIP Revenues	24%

What would be the equivalent property tax increase needed to support \$58 million of debt?

A property tax levy increase of approximately 14% would generate \$4.5 million annually and would be sufficient to satisfy the annual debt requirements for a \$58 million 20 year debt issuance. The estimated annual property tax increase for the average Bellevue household would be approximately \$76.00.



DRAFT CONCEPTUAL
SOUND TRANSIT EAST CORRIDOR PROJECT - PE (PHASE 3)
SEGMENT B - MERCER PARK MITIGATION SUPPORT
AUGUST 15, 2011

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