

CITY OF BELLEVUE
BELLEVUE TRANSPORTATION COMMISSION
MINUTES

May 26, 2016
5:30 p.m.

Bellevue City Hall
City Council Conference Room 1E-113

COMMISSIONERS PRESENT: Chair Lampe, Commissioners Bishop, Chirls, Woosley, Zahn

COMMISSIONERS ABSENT: Commissioners Larrivee, Simas

STAFF PRESENT: Paula Stevens, Ron Kessack, Department of Transportation

OTHERS PRESENT: None

RECORDING SECRETARY: Gerry Lindsay

1. CALL TO ORDER

The meeting was called to order at 5:37 p.m. by Chair Lampe who presided.

2. ROLL CALL

Upon the call of the roll, all Commissioners were present

3. WORKSHOP: DISCUSSION OF THE COMPONENTS AND COMMISSION PRIORITIES FOR A TRANSPORTATION LEVY

Assistant Director Ron Kessack Mr. Kessack informed the Commissioners that the long-range financial plan aimed at addressing discrete projects totals some \$400 million, which is substantially less than the \$1.2 billion total for the city's capital project list. There are existing programs that address some of the needs, including the Neighborhood Sidewalk Program that is funded at \$1 million per year, but the pace of expectation relative to the delivery of projects outstrips the available budget. In order to advance the delivery of projects, it will be necessary to take a look at additional options for revenue generation.

Commissioner Woosley asked how long it would take to build the sidewalks that are still missing in Bellevue and to maintain them over time. Mr. Kessack said no cost analysis has been done relative to the sidewalk needs. However, the 2012 priority list of sidewalks included 37 projects; the list has grown since then. If each project on the list could be completed for \$1 million, it would take 37 years to complete them all given the current funding level for the Neighborhood Sidewalk Program. Sidewalk projects can, however, be quite expensive and realistically it would take more like 50 years to complete the projects at the current funding level.

Commissioner Zahn pointed out that simple sidewalk projects can in fact be quite complicated given all the associated requirements, such as utility relocation and storm water runoff treatment.

Commissioner Chirls asked how quickly the list could be addressed given unlimited funding. Mr. Kessack said most sidewalk projects are designed in house. Putting the projects out to the market would increase the design costs considerably. In house design costs generally come in at roughly ten percent of the overall project cost, whereas if outsourced the design costs will be close to 25 percent. An unlimited amount of money and a set timeframe for delivering on projects would trigger the need to either increase the in house design staff or take a look at other ways of delivering the projects, possibly packaging several together and putting them out on the street. Even so, there would be limits on the number of projects that could be completed annually given limitations involving permitting, scheduling, monitoring and the like, not to mention getting large numbers of contractors on board and working.

Commissioner Zahn said that brings up the issue of whether or not the city has the appetite to look at alternative means of delivery. Packing projects and design/build are two possible approaches.

Mr. Kessack said the upper limit relative to project delivery would depend on the package and the timing of delivery. For instance, should the Commission and the Council decide that capacity projects should be given priority, a large portion of any levy funds would be funneled into capacity projects. Even so, there may only be one or two projects under way at a time in addition to the standard CIP. If the Council decides it wants to see the bike rapid implementation project list implemented very quickly, the large number of small projects would all need to be designed, and to turn them out quickly would require a substantial amount of staff time for design, project management and inspection. Capital Programming Manager Eric Miller pointed out that the community outreach element associated with projects also takes time.

Mr. Kessack said he would not be able to say with any degree of certainty how much could get done in a set amount of time without knowing what the package of projects would include.

Commissioner Chirls allowed that the mix of projects will be crucial. Several different project packages scenarios should be formulated and analyzed to get down to what is really feasible.

Commissioner Woosley agreed that the exercise would be valuable. He provided the Commissioners with copies of a memo he drafted in which he outlines principles, major and minor categories, and suggestions for how to proceed. He suggested it might serve as a beginning framework for how to move forward.

Commissioner Zahn offered the view that the Commission should be bold in looking at the projects it would make sense to advance in the short term rather than waiting 20 years to get them. She allowed that it is a lot of work to plan for a wave of projects, and the work includes establishing a balance between staff FTEs and consultants. That should not, however, serve as a deterrent to the Commission being bold. Mr. Kessack said much of the work will fall to staff to determine how best to deliver a list of projects. Staff does provide regular workload monitoring reports. An analysis has been done with regard to what the potential TIFIA loan might do to staffing, but until there is a good feel for what the Commission, the Council and the community wants to do with a levy, there are an infinite number of possibilities.

Mr. Kessack said the Council is looking at three areas where there are clear funding gaps: mobility in Bel-Red, which is being looked at in association with a TIFIA loan; long-range fire

facilities planning; and neighborhood safety and connectivity. Staff are currently working on a letter of interest with regard to the TIFIA loan, which is the first of the ten-step formal process. Following submittal of a letter of interest, the feds will want to know more about the city's financial condition, the projects used for the required match, and the projects proposed for the loan. The feds may or may not then ask the city to submit a formal application, which in actuality is shorter than the letter of interest. The application will be evaluated and a recommendation will be sent up the ladder. If approved, loan terms will be negotiated, including when to start repayment, which can be up to five years after the last project in the package is completed. The payback period is 30 years.

Commissioner Woosley asked what revenue source will be tapped to pay back the TIFIA loan if it is approved. Mr. Kessack said the Council has indicated the loan would be paid back using out-year CIP funds at the rate of approximately \$5 million per year for the \$85 million loan. Five years after the last project is completed is estimated to be about 2028. The interest, which is quite low, runs from the point funds are drawn out, but not all of the funds have to be drawn out up front. Grants and other outside funding can be counted toward the city's matching contribution of 66 percent to the project.

Commissioner Woosley pointed out that there is transit-oriented development component to qualify for the TIFIA loan, and that element will over time be generating net positive tax revenues for the city. He asked if the economic analysis gives reasonable confidence that the revenues needed to pay back the loan will be in hand. Mr. Kessack said the finance department analysis has determined that the money will be there to pay back the loan over time. He stressed that the city has a policy in place that establishes a reasonable debt-to-cash flow ratio.

Mr. Kessack said the Council has asked the Commission to provide input on the themes of the potential levy package under a neighborhood safety and connectivity umbrella; to discuss representative projects; to identify potential funding allocation ranges; and to have a recommendation ready for the Council by July 5. Any decision by the Council to move ahead with a levy on the November ballot will need to be made by their last meeting in July.

Commissioner Chirls asked if the direction from the Council to review themes can be construed to mean that the discussions to date about specific projects can be set aside and that the slate is clean. Mr. Kessack said new bicycle projects fall under the umbrella. The Commission has done a lot of work in regard to the bicycle rapid implementation project. The Commission could recommend that that plan should be the recommendation for the levy, if not all of it then for at least the first few years of the levy period. To date nothing has been approved.

Commissioner Woosley commented that he participated in the nickel and 9.5-cent packages. The process began with a discussion of principles when then led to project selections given the available revenues. The city has in hand a pretty good set of policies that can be utilized to produce project lists, and it has good lists of projects, some of which are funded and some of what are not. Work to identify themes will lead to informing specific projects.

Commissioner Chirls said the confusion is around the fact that the Commission has made recommendations, such as for the rapid implementation project. If the levy is not put out for a vote, or if it is and it fails, the recommendations already made will hold sway with whatever funds will be available. The discussion about additional funding in the form of a levy is running in parallel. What the Commission is left with is determining whether or not the levy is

incremental to what has been recommended to date, or if the slate is to be wiped clean and the process restarted from scratch. If starting from scratch, the Commission will need to re-recommend what it has already recommended in order to achieve the objectives.

Commissioner Woosley said he assumed the levy would be incremental and based on what is already in place. The Commission has recommended about \$6.8 million for early implementation, but the Council will pick and choose based on the resources available. The Commission has also discussed needed sidewalk improvements and could develop a recommendation to simply double the annual investment going to that category. The same could be decided regarding current investments going into bike lane improvements.

Commissioner Zahn commented that the Commission's most recent presentation to the Council included the revenue projections that are aimed at funding a certain list of projects. The TIFIA loan projects were discussed as well, along with another slice of projects that a revenue levy would help fund. The levy would clearly be incremental, of which the first portion is already recommended. The Commission should focus on how many of the unfunded priority projects could be brought above the line. Mr. Miller agreed that what the Commission delivered to the Council was its list of priority projects, and he agreed that the money needed to fund the entire list is not there. To make good on the \$6.8 million project list by 2019 will require new revenues. Commissioner Zahn said what it comes down to is a bucket of money and a bucket of projects. If more money is put into the money bucket, decisions will need to be made with regard to which of the projects in the other bucket should be addressed. The money could be used for one or two big projects, or several smaller projects. Once the revenues are in hand, they can be spent in any number of ways.

Mr. Kessack said levy funds are raised with certain scenarios in mind. They cannot be reallocated to other things once they are in hand. The Neighborhood Sidewalk Program is a funded capital program. Levy funds could be used to supplement that program, so that program would clearly not be starting at zero. Other programs are also already funded, and the levy funds could be used to supplement them as well, all with an eye on increasing the speed at which projects can be delivered.

Commissioner Chirls said he agreed with all that but was still confused with regard to new projects. The Commission has recommended \$6.8 million for bicycle rapid implementation. What is not known, however, is how much the Council will actually fund. If it was known how much of that program will be funded, the Commission could recommend funding the balance of it. Without being clear in that regard, recommending how to proceed would be difficult. Mr. Kessack said what the approved capital budget will be will not be known until December, after the November vote on the levy. That means some assumptions are going to have to be made. The Commission has been updated with regard to projected revenues and regardless of what has been recommended for bike rapid implementation, the assumption can be made that it will not be fully funded with existing revenues and that a certain amount of the levy dollars will be needed to make up the difference.

Mr. Kessack stressed that nothing yet is etched in stone but noted that one Councilmember recommended a levy of 12.5 cents/\$1000 of assessed value. At that rate, the levy would raise about \$5 million annually for transportation projects. He noted that maintenance and operations would need to be considered within the \$5 million.

Commissioner Woosley observed that the last iteration of the proposal for the city to raise

property taxes to fund transportation investments came from the previous city manager and involved a series of stepped increases.

Commissioner Zahn said it would be interesting to know what percentage would need to be earmarked for maintenance and operations. Mr. Miller said it would be a rather small percentage at first but would grow over time.

Commissioner Chirls asked if there is any reason from a thematic perspective to consider maintenance any differently than capital. Mr. Kessack said there was not.

Commissioner Woosley suggested that the voters will want to know that the city will not get in over its head with regard to maintenance and operations, and the Commission should certainly recommend that. Mr. Kessack said it is standard city policy to include the funding of maintenance and operation of all transportation systems constructed.

Mr. Kessack said neighborhood safety and connectivity is a Council priority, with an emphasis on sidewalks, crosswalks and traffic calming. Under that umbrella, the Council has identified six key themes for which it wants input from the Commission and the public: 1) neighborhood safety; 2) sidewalk and path maintenance; 3) new sidewalks and path connections; 4) new bike connections; 5) ITS safety and traffic management; and 6) neighborhood congestion projects.

Commissioner Woosley asked if the levy, if approved, will be an ongoing permanent increase or if it will cover a finite period of time. Mr. Kessack said according to the Council's initial discussion, the levy would be in place for 20 years, though no final decision has been made. Commissioner Woosley said it is clear that the city is chronically underfunded the transportation system. With the revenues from the levy, the city may only be falling behind more slowly.

Commissioner Zahn suggested the overlay program should be on the list as a category. Mr. Kessack said the program falls under maintenance. The Commission could recommend supplementing the major maintenance program, PW-M-19, and the overlay program, PW-M-1.

Mr. Miller noted that the Commission had previously recommended increasing the overlay program by \$1 million per year should money become available. The Commission's focus at the time was on keeping up maintenance on local streets. The Commission also has talked about bumping PW-M-19 by half a million dollars annually.

Commissioner Chirls proposed changing the title of the "sidewalk and path maintenance" theme to "road, sidewalk and path maintenance." Commissioner Woosley said another option would be to call out roadway maintenance separately. Commissioner Chirls said it could be done either way. Mr. Kessack said ultimately the Commission will forward to the Council a memo containing themes the Commission believes should be considered along with proposed allocation levels.

Commissioner Woosley suggested putting one million per year in for sidewalk improvements, with half of it going to sidewalk maintenance and half for new sidewalk projects.

Commissioner Chirls asked if a portion of the estimated \$5 million per year from a levy would need to be earmarked for maintenance. Mr. Kessack explained that major maintenance is different from facility maintenance and operation. The latter involves such things as trimming

trees back and paying for water used in irrigation systems. Maintenance associated with things like slope failures and rockery replacement is considered major maintenance and gains funding from a different allocation.

Asked by Chair Lampe to clarify the potential ITS safety and traffic management needs, Mr. Kessack said one recommended some time back by a Councilmember is a downtown parking program that would identify either by app or by signage where there is available parking. He added that staff are currently working to update the ITS master plan and that work will help identify new technologies. Chair Lampe noted that in Seattle it has been estimated that up to 30 percent of the traffic on the streets is people looking for parking and he asked what the estimate is for Bellevue. Mr. Kessack said it depends on the time of year. Between Thanksgiving and Christmas the number of cars circling Bellevue Square skyrockets; the same is true during the arts fairs.

Mr. Miller commented that for the past few years there has been a focus on getting the SCATS system in place and working. Now that that work is completed, the current capital allocation in the ITS implementation capital program has stepped up from \$150,000 per year to \$400,000 per year. Until the ITS master plan is updated, the cost of implementing the new plan priorities will be an unknown.

Commissioner Chirls said it would be safe to say that the percentage of capital going to technology versus brick and mortar will increase in the coming years. Software development will certainly make up a major portion of the investment. Commissioner Woosley agreed and added that while the city will not be responsible for putting software into vehicles, it will be responsible for providing systems to accommodate the emerging vehicle technologies. Commissioner Zahn added that the technology will be needed to help people make better transportation-related decisions.

Commissioner Zahn commented that allocations are a tricky thing. It is possible to estimate what the various allocations should be, but that can result in being boxed in by certain percentages that may or may not make sense in comparison to other themes and categories. The more categories are consolidated, the fewer allocation buckets there will be to be managed. The neighborhood safety and neighborhood congestion themes could be folded into a more comprehensive theme around neighborhoods. Mr. Kessack agreed that flexibility will be the key to success.

Commissioner Bishop suggested that going to the citizens with a transportation levy that does not include a significant amount of capacity improvements aimed at reducing congestion, the levy will go down in flames. The overwhelming cry from Bellevue residents is that congestion has gotten terrible in the last couple of years and something needs to be done about it. He said he would prefer to see a broader congestion relief category, one that is not just focused on neighborhoods.

Commissioner Woosley stressed the need to be fair to everyone who would contribute funding through the levy. With a property tax increase, commercial areas in the city will contribute a significant portion and the argument can easily be made that they should see some mobility benefits.

Commissioner Chirls proposed recommending five categories: 1) congestion projects; 2) safety projects; 3) maintenance projects; 4) sidewalk, path and bike connections; and 5) ITS projects.

Commissioners Bishop and Woosley said they would support taking that approach, though Commissioner Woosley said he would support adding some clarification as to what each category includes.

Commissioner Chirls countered that if that were to be done, invariably someone will step up and point out that some particular thing is not included. He said he would prefer to focus on broad categories but would not argue against including some examples. Commissioner Bishop suggested for the congestion theme the Bellevue Way HOV lane project, 150th Avenue SE/SE 37th Street, 150th Avenue SE/Eastgate Way, and the 156th Avenue SE/I-90 off ramp. Commissioner Woosley added NE 8th Street/148th Avenue NE.

Mr. Miller stated that those projects could not really be discussed without also talking about the magnitude of costs. Commissioner Chirls said the projects should serve only as examples added that specific numbers would need to be discussed at a later meeting. He said the Commission does not know how much money without a levy is available for what has already been recommended. He said he would prefer to focus first on the themes and then on the percentage of the levy to be allocated to each as an expression of the Commission's priorities.

Commissioner Woosley suggested the percentages should be proportional to the identified capital shortfall needs in the city. The transportation capital shortfall is between \$300 million and \$400 million, and \$100 million or so has been identified for safety projects, more if a new fire station is added into the mix. That works out to a ratio of two or three to one of transportation capital to fire safety capital.

Commissioner Chirls countered that the objective of the Commission is not to decide what portion of the levy funds should go for transportation projects and what portion should go for fire safety needs. The Commission's objective is to decide on themes and then to recommend percentages for each.

Commissioner Bishop proposed the following percentages by category: 1) congestion projects, 35 percent; 2) safety projects, 10 percent; 3) maintenance projects, 30 percent; 4) sidewalk, path and bike connections, 20 percent; and 5) ITS projects, five percent. He further proposed including transit in the sidewalk, path and bike connections category in order to include the Bellevue College access point project.

Mr. Miller pointed out that there is a good crossover to the congestion category. Commissioner Chirls argued that to some degree it could be argued that bike connections could have an impact on congestion.

Commissioner Chirls offered as a counter proposal: 1) congestion projects, 35 percent; 2) safety projects, 5 percent; 3) maintenance projects, 30 percent; 4) sidewalk, path, bike and transit connections, 25 percent; and 5) ITS projects, five percent.

Commissioner Bishop asked what is being spent currently on traffic calming programs. Mr. Miller said the amount on the capital side is close to \$350,000 per year for the Neighborhood Traffic Safety Program, though other programs also address neighborhood safety. Commissioner Bishop said he would support taking the Neighborhood Traffic Safety Program up to about \$600,000 per year.

Commissioner Chirls said it will not be possible to do it all. The only thing the Commission can do is what it has been asked to do by the Council, which is to come up with categories and priorities, with examples to illustrate what the categories mean. Once more is known about how much money will be available, the Commission will likely be asked to review and debate all possible projects.

Commissioner Bishop said within the sidewalk category he would include as an example the SE 34th Street project, the NE 8th Street grade separation project associated with the Eastside rail corridor, enhancing the rest of the corridor in partnership with WSDOT, and West Lake Sammamish Parkway.

Commissioner Woosley said there will effectively be more revenue to work with in the next CIP update. He said the Commission took a bold step in recommending that the Council consider a revenue package above and beyond the current revenues. It is completely reasonable for the Commission to make a suggestion as to what the level should be. While the ultimate decision will be made by the Council, the Commission is charged with providing the Council with the information needed to make informed decisions. If rather than \$5 million per year, what is really needed is \$6 million or \$7 million, the Commission should say so.

Commissioner Chirls said he fundamentally disagreed. He said he felt qualified to sit on the Commission and offer recommendations relative to strategies and projects, and to represent in particular the downtown given that he lives there. However, he said he did not feel qualified to call for a specific tax increase. It is obvious both to the Commission and the Council that more money is needed for transportation projects, but the call for a levy to some degree makes a value judgment on transportation dollars as a percentage of a family's income and says something about what people in the city will be asked to contribute from their incomes. To make recommendations of that sort would require far more information with regard to the population relative to per-capita incomes, the percentage of tax they are already spending relative to other jurisdictions, and a plethora of other factors.

Commissioner Woosley said there is a proposal for a levy of \$0.125 per thousand dollars of assessed value to be split between fire safety and transportation. The split between the two is yet to be decided, but the actual amount is something the Council has put out there. He suggested the Commission should recommend the Council consider having a higher percentage of the revenues go for transportation projects. The identified capital shortfall for transportation is at least double what has been identified as the capital shortfall for fire safety, and that is the ratio that makes the most sense.

Chair Lampe said he would support presenting the facts as they are and expecting the Council to make the connection between the two categories. What the Commission has been asked to do is look at what could be done with an additional \$5 million per year.

Commissioner Bishop said it has been shown that there are unfunded projects totaling about \$400 million. The \$5 million per year over 20 years will address \$100 million or one-quarter of that total. Fire has identified \$150 million of unfunded projects, and \$5 million per year for 20 years will address two-thirds of the that total. It would be appropriate for the Commission to call for allocating a higher percentage to transportation projects.

Chair Lampe pointed out that the topic of safety was clearly on the Councilmembers' minds as they discussed the levy. Some of the fire safety projects should have been constructed many

years ago.

Commissioner Woosley said there is a clear relationship between response times for the fire department and having roads for the first responders to use in getting to the scene of the emergency. In a serious emergency, every second counts.

There was agreement with regard to the five categories and the percentages for each as proposed by Commissioner Chirls.

Mr. Kessack said he would include the example projects highlighted along with some sidewalk projects, bike rapid implementation projects, and ITS projects.

Commissioner Woosley said the levy should be guaranteed as a perpetual supplement to the transportation capital budget. Too often time and effort is put into identifying funding sources and getting them approved, only to see the collected funds earmarked for something else. Chair Lampe said his inclination was not to be that specific and to leave what is clearly a policy issue to the Council.

Mr. Kessack briefly reviewed the next steps with the Commission. He said the issue will be before the Commission on June 9. During the week of June 13 an online survey may be launched, and during the week of June 27 there will be three open houses. The Council will be updated on July 5 and will on that date receive the Commission's recommendation. The potential Council study session dates are July 11, 18 and 25.

Mr. Miller pointed out that recommendations from the Commission to the Council are generally formalized by a vote. He said the workshop was not set up with the intent of taking any specific action. He said staff was clear about where the Commission stood with regard to the categories and the percentage breakdowns, but the discussion cannot be construed as having taken a formal action. Ms. Stevens said staff would check in with the City Manager's Office to determine what the appropriate process should be and will direct the Commission in following it.

4. PUBLIC COMMENT

Mr. Chris Johnson spoke representing the Bellevue Chamber of Commerce. He said he lives and works in Bellevue and is excited about some of the neighborhood enhancements. There is a clear backlog of needs. He urged the Commission to think big and to be bold. In going to the public with a levy, there will need to be a clear vision around which the public can get excited. While crumbling masonry might be part of the vision, the vision should go beyond that. The Commissioners were urged to consider the need for both inter-neighborhood connections along with intra-neighborhood connections. The Bellevue Way SE project is a good example. The city has invested a lot of time in station area planning and the Enatai neighborhood is concerned about what will be happening in terms of cut-through traffic, parking and the like, and the Bellevue Way SE project represents a large remediation effort. It is not, however, scheduled for construction until after the South Bellevue station opens in 2023.

5. ADJOURN

Chair Lampe adjourned the meeting at 7:57 p.m.