



MEMORANDUM

DATE: August 31, 2011

TO: Transportation Commission

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SUBJECT: Mobility and Infrastructure Initiative Update

Purpose

Review of the Mobility and Infrastructure Initiative (M&I) as a key element of the City's current Capital Investment Program (CIP) Plan. Report on the funding, implementation, and expenditure status for M&I projects currently underway.

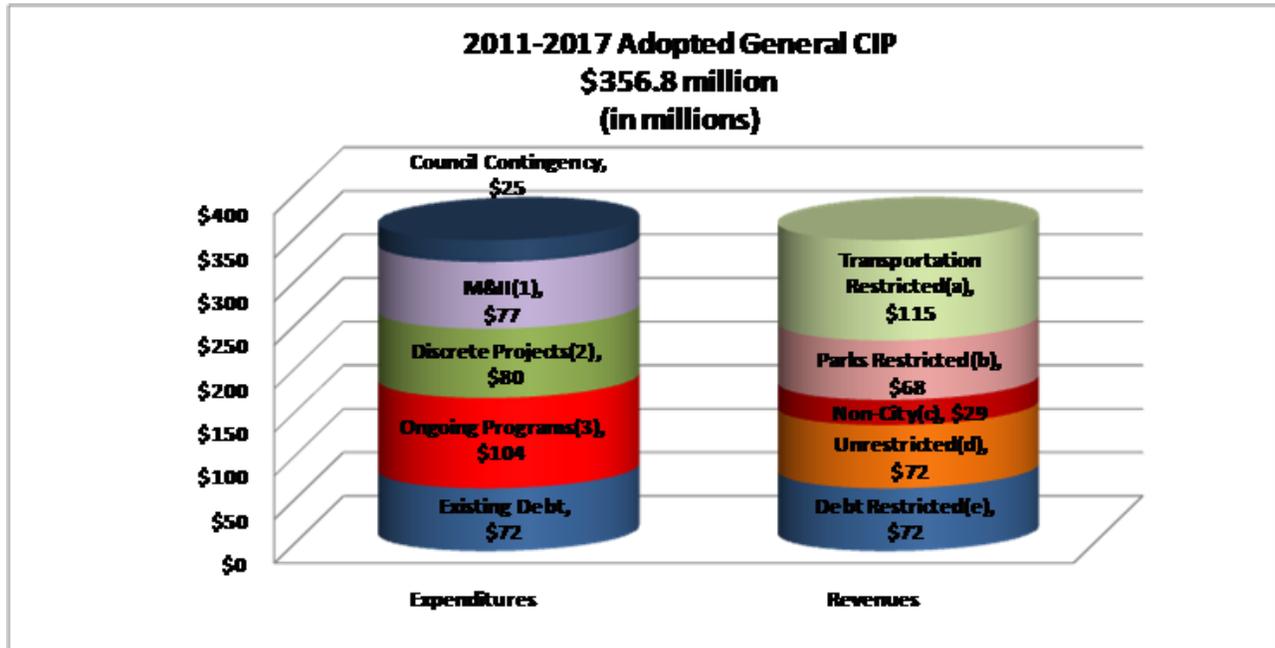
Recognizing that the NE 4th Street Extension and 120th Avenue NE Improvements (Stages 1 and 2) are components of the M&I and will be part of a broader discussion of capital priorities, the City Council is seeking Transportation Commission input regarding time- and funding-sensitive implementation actions on these projects. Are these still the top priority projects? Should implementation continue in the near term, especially considering implications of deferral?

Background

This past winter and spring City Council has held multiple discussions and raised numerous questions about the City's capital investment strategy, and they have indicated a desire for an in-depth review of the City's General CIP and M&I. The discussions and questions have been particularly motivated in light of the protest of the NE 4th Street (Wilburton Connections) local improvement district, the potential East Link tunnel contribution, and given the time sensitivity of both.

2011-2017 Adopted CIP and the Mobility and Infrastructure Initiative

The 2011-2017 Adopted General CIP totaled \$356.8 million. The adopted plan was balanced, as illustrated below.



As noted in the chart above, \$77 million was dedicated to the Mobility & Infrastructure Initiative (MII). This was only a portion of the original MII plan endorsed by Council.

Already in 2011, General CIP tax revenue collections have not met forecast numbers in the adopted budget. Projected out over the 7-year term of the CIP, there is currently an estimated \$25 million CIP funding gap. Add to this the protested \$10.2 million Wilburton Connections LID (an M&I-specific revenue) and there is a current estimated funding shortfall within the adopted CIP of over \$35 million. Some of this CIP shortfall, particularly within the M&I projects, may be reduced as project construction and property acquisition costs and contingencies are refined through the advancing project design phases.

The Full Mobility and Infrastructure Initiative

The entire M&I Plan, endorsed by the Council in 2009, anticipated completing a series of high priority projects in seven years (2009-2015); funding for these projects was spread out over 10 years (2009-2018). If the Plan had unfolded as originally anticipated, all of the M&I projects would have been completed within the current CIP (2011-2017) and most of the revenues would have been generated during that same time frame. For a variety of reasons, the Plan’s progress has slowed. Only \$77 million of the M&I projects are included in the current CIP.

Table 1 below presents total anticipated M&I revenues, the share assumed in the current CIP, and the difference. Table 2 presents total anticipated M&I expenditures by

project, the share assumed in the current CIP, any earlier funding committed, and the difference.

Table 1 – M&I Revenue Sources*

Revenue Sources (\$M)	Council Endorsed MII Finance Plan	Adopted CIP 2011- 2017	Total Funding	Difference
Baseline Revenues:				
New Bel-Red Taxes	\$10.0	\$0.0	\$0.0	(\$10.0)
ROW Dedication	19.0	-	-	(\$19.0)
Storm Drainage Fees	10.0	-	-	(\$10.0)
Incentive Zoning	22.0	-	0.8	(\$21.3)
Grants	12.0	11.2	11.2	(\$0.8)
Sales tax earmarked for debt service interest	-	4.6	4.6	\$4.6
Sales tax before 2010 LTGO Bonds	-	-	1.7	\$1.7
Local Revitalization Funding	-	7.0	7.0	7.0
Total Baseline Revenues	\$73.0	\$22.8	\$25.3	(\$47.7)
Impact Fees	65.0	29.8	29.8	(\$35.2)
Local Improvement Districts	56.0	10.2	10.2	(\$45.8)
LTGO Bonds (20-yr debt, inc Supplemental CIP)	105.0	12.5	19.9	(\$85.1)
Total Revenues	\$299.0	\$75.3	\$85.2	(\$213.8)

*Note: 2011-2017 M&I revenues and expenditures were balanced with the use of \$1.2 million in General CIP revenue.

Table 2 – M&I Expenditures

Expenditures (\$M)	Council Endorsed MII Finance Plan	Adopted CIP 2011- 2017	Total Project Funding	Remaining to Fund
NE 4th Street Extension 116th to 120th Avenues	\$50.0 ⁽¹⁾	\$36.7	\$38.4	\$11.6
120th Ave NE Improvements (Stage 1) - NE 4th to NE 8th St	-	5.1	7.0	(\$7.0)
120th Ave NE Improvements (Stage 2 & 3) - NE 8th to	13.0 ⁽²⁾	20.8	21.5	(\$8.5)
NE 6th Street Extension	6.0	0.6	1.0	\$5.0
NE 15th Street Multi-Modal Corridor (Stage 1)	83.0	4.6	5.4	\$77.6
124th Ave NE - NE 15th/16th Extension to Northup Way	3.0	1.8	1.8	\$1.2
ITS Master Plan Implementation Program	2.0	2.4	2.4	(\$0.4)
Other Downtown Projects	16.0	-	-	\$16.0
Downtown Circulator	3.0	-	-	\$3.0
Ped/Bike/Neighborhood Sidewalks	15.0	-	-	\$15.0
Metro Site	18.0	-	-	\$18.0
Bel-Red Land Acquisition	32.0	-	4.6	\$27.4
Public Safety Project	3.0	-	-	\$3.0
Finance Costs	55.0	4.6	4.6	\$50.4
Total Expenditures	\$299.0	\$76.5	\$86.7	\$212.3

Attachment A provides a more detailed look at M&I projects and revenues. It shows the rationale for each project adopted as part of the M&I Plan, along with the current status of project implementation. It also shows the revenue sources assumed and their current status.

Benefits of the Mobility and Infrastructure Initiative Projects

Based on 2008 analysis of the M&I projects overall mobility would be improved over a wide geographic area of Bellevue from the eastern edge of downtown, through Wilburton, to the middle of the Bel-Red Subarea. Downtown access for all modes would be enhanced, especially by extending the downtown grid to Wilburton by construction of the NE 4th Street extension and the NE 6th Street transit/HOV/ped-bike connection. The 120th Avenue NE configuration and widening would improve HOV/Transit travel times between downtown and Bel-Red/Overlake. The NE 6th Street Extension, in particular would improve transit time for the downtown Bellevue to Redmond RapidRide and other transit service, and would provide a significantly better ped/bike connection over I-405 than exist on either NE 4th or NE 8th.

Non-Motorized system for east/west and north/south travel is significantly improved, especially through the 15th/16th Street project and connections to the future BNSF Corridor trail, and through the NE 6th Street Extension which would connect the Wilburton area with the downtown Pedestrian corridor.

General congestion relief would be achieved on the NE 8th Street from 112th Avenue NE east to 124th Avenue NE, on the 116th Avenue NE corridor between NE 4th Street and NE 12th Street, and would maintain adopted level of service standards for 2030.

Transportation infrastructure investments support land use vision in the Bel-Red Subarea Plan, The Wilburton Subarea Plan, and in Downtown Bellevue.

Near-Term Implementation Actions for NE 4th/120th Ave NE Improvements

As Council begins the broader capital investment discussion, they have requested input from the Transportation Commission on continuing work on the NE 4th Street Extension and 120th Ave NE improvements.

Based on existing Council direction, the following project elements have been advanced through the third quarter of 2011. This has involved following through on previous Council spending authorizations as shown in Attachment A.

- NE 4th Street: Design at approx. 60% complete
- 120th Stage 1: Design at approx. 99% complete, property rights nearly secured.
- 120th Stage 2/3: Design at approximately 60% complete.

Several upcoming items related to advancing this package of projects will require Council input and approval over the coming weeks:

- NE 4th Street: Complete design and authorize full property acquisition
- 120th Stage 1: Authorize ad for construction
- 120th Stage 2: Complete design and authorize full property acquisition

Staff anticipates returning to Council in September, 2011 with a follow-up project status report, and the potential authorization to proceed with property acquisition for NE 4th Street and 120th Avenue NE Stage 2, and to proceed with construction 120th Avenue NE Stage 1.

Opportunities and Consequences

Moving forward with the projects at this time will protect and leverage M&I investments made to date, and preserve secured and anticipated funding. Moving forward could also take advantage of the favorable construction bid climate, as well as potential lower right-of-way acquisition costs. Redevelopment and re-zoning of the Wilburton is contingent upon NE 4th Street being fully funded, moving forward would provide the transportation infrastructure ahead of future redevelopment.

Deferring the projects will result in turn-back of up to \$11.2 million in secured state and federal grants (with an additional \$3 million pending. Deferral could also result in added costs of regenerating project implementation momentum.

Attachments:

- A. Mobility and Infrastructure Initiative Revenue and Expenditure Status Report
- B. Mobility and Infrastructure Initiative White Paper (Prepared for Feb. 2011 Council Budget Retreat)
- C. Original Council-adopted Mobility and Infrastructure Initiative Finance Plan (Jan. 2009)

Mobility and Infrastructure Initiative Revenue & Expenditure Status Report

The Mobility and Infrastructure Initiative (M&I) contains a core group of transportation investments designed to address growth and travel demand from Downtown developments and from growth anticipated in the Bel-Red area. These transportation investments have been selected because they have the greatest positive impact in reducing congestion.

The information that follows provides a comprehensive review of the status of the overall revenue sources identified in the M&I financing package, the scope of the projects included in the M&I, their status in the 2011-2017 CIP, along with more detailed project specific funding and expenditures for the NE 4th and 120th Avenue projects.

M&I Project Scope and 2011-2017 CIP Funded Status

The descriptions, benefits and funded status for the M&I projects are outlined in Table 1. The high priority projects are noted first, followed by other projects identified to support Downtown, Wilburton, Bel-Red and other infrastructure needs.

Table 1 – M&I Project Scope and 2011-2017 Funded Status

<p><u>NE 4th Street Extension</u> - This project will construct a 5 lane arterial street, connecting the NE 4th Street/I-405 interchange with 120th Avenue NE. The project will include sidewalks and bike lanes, and provide a new arterial connection to and from the Downtown, allowing traffic to move from Downtown to the east and northeast parts of the City. This new street will reduce congestion on NE 8th Street, and provide congestion relief for north bound traffic on 116th Avenue NE, thereby relieving access constraints to the hospital district north of NE 8th Street, on 116th Avenue.</p>	<p>This project is fully funded in the adopted CIP, though various revenue sources remain unsecured or of a projected nature (funding and implementation status discussed in Tables 3 and 4 below).</p>
<p><u>120th Avenue NE, Stage 1</u> - This project will widen 120th Ave to a 5 lane arterial street, connecting the NE 4th Street/I-405 interchange with NE 8th Street to the north. The project will include sidewalks and bike lanes, enhancing the arterial connection to and from the Downtown, allowing traffic to move from Downtown to the east and northeast parts of the City. This improvement will reduce congestion on NE 8th Street, and provide congestion relief for north bound traffic on 116th Avenue NE, thereby relieving access constraints to the hospital district north of NE 8th Street, on 116th Avenue.</p>	<p>This project is fully funded in the adopted CIP, though various revenue sources remain unsecured or of a projected (funding and implementation status discussed in Tables 3 and 4 below).</p>
<p><u>120th Avenue NE, Stages 2 and 3</u> - This project will widen 120th Ave to a 4 or 5 lane arterial street, connecting the NE 4th Street/I-405 interchange through NE 8th Street to Northup Way. This project includes realignment of the 120th/NE 8th Street intersection. The project will include sidewalks and bike lanes, enhancing the arterial connection to and from the Downtown. It will provide new street capacity serving travel demand from the Downtown to the east and northeast parts of the City. It reduces congestion on NE 8th Street, and on 116th Street. The northerly part of this project will support planned growth in the Bel-Red area.</p>	<p>This project is fully funded in the adopted CIP, though various revenue sources remain unsecured or of a projected nature (funding and implementation status discussed in Tables 3 and 4 below).</p>

<p><u>NE 6th Street Extension, from I-405 to 120th Avenue NE</u> - Like the NE 4th Street project, this street improvement will provide a new east/west connection to and from Downtown by connecting the existing NE 6th Street interchange at I-405 with 120th Avenue NE. The function of this street will be to serve transit, carpools, and van pools seeking to enter or leave the Downtown. Like the NE 4th Street project, this improvement will reduce congestion on NE 8th Street, and provide an important travel time benefit to high occupancy vehicles entering and leaving the Downtown.</p>	<p>This project is currently only funded for pre-design (\$1M). Additional funding is anticipated from state and other sources.</p>
<p><u>NE 15th Street, from 116th Avenue NE to 124th Avenue NE</u> - NE 15th Street is the centerpiece of the transportation strategy for Bel-Red. It provides for auto access to new development, accommodates new trips moving through the area from Downtown and elsewhere, provides a light rail corridor, establishes a major east/west pedestrian and bicycle connection between Downtown and Overlake, and is designed as a 'green' street, functioning as a visual and usable amenity for people living and working in the area.</p>	<p>This project is currently only funded for pre-design and limited property acquisition (\$5.4M).</p>
<p><u>124th Avenue NE, from NE 15th Street to the SR 520 Interchange</u> - This project will widen the existing street to 5 lanes, and add sidewalks and street lights. This capacity improvement will support planned growth in Bel-Red, and connect the planned NE 15th Street arterial improvement to SR 520; this project will also help support completing the interchange at 124th and SR 520 to allow access to and from the east.</p>	<p>This project is currently only funded for design through 60% (\$1.8M).</p>

See attached map for the high priority projects noted above.

The M&I contains other capital projects needed to support growth in the Downtown or in Bel-Red or to fund other high priority capital infrastructure needs. These projects include:

<p><u>Other Downtown Projects</u> - This allocation provides supplemental funding for ongoing Downtown projects.</p>	<p>Currently unfunded.</p>
<p><u>Intelligent Transportation Improvements</u> - This project will help to replace the City's Traffic Signal System, including a new fiber optic communication network, and new computer software and hardware. This investment will improve signal timing and operations for vehicles and pedestrians, provide for Transit Signal Priority technology, ensure better signal coordination and operation, and support the development of a multimodal transportation system in Downtown.</p>	<p>This project is partially funded (\$2.4M).</p>
<p><u>Downtown Circulator</u> - This project completes funding for a new fare free transit service downtown, linking key destinations via a circular transit route providing efficient service to people moving between locations downtown.</p>	<p>Currently unfunded.</p>
<p><u>Pedestrian and Bike Improvements</u> - This project is intended to fund one key north/south or east/west bike corridor and potentially neighborhood sidewalk projects.</p>	<p>Currently unfunded.</p>
<p><u>Metro Site Acquisition</u> - Acquisition of this property, located adjacent to City Hall is identified as a key acquisition priority for Downtown, and will provide a home to a new Downtown Fire Station, and other City Facilities.</p>	<p>Currently unfunded.</p>

<p><u>Bel-Red Land Acquisition</u> - The Bel-Red Plan contains new community parks, neighborhood parks clustered in the mixed use residential area, and a system of trails providing connections through the area. The park system is designed to capitalize on adjacent stream locations so that the benefits of the open space, stream restoration and trails work together as an integrated system of green spaces. The park and stream restoration strategy is a necessary component to the overall redevelopment, making the area more livable. These open spaces will also serve the broader community by providing destination recreational opportunities and by linking key recreation destinations through development of the trail system.</p>	<p>This project is partially funded (\$4.6M).</p>
<p><u>Public Safety Project</u> - Projects that have been discussed include possible investment in a new Downtown fire station, relocation of District Courts, or a possible investment in a short term detention facility.</p>	<p>Currently unfunded.</p>

Overall M&I Revenue Source Status

Review of the overall revenue sources identified in the M&I financing package, and their current status are noted in Table 2.

Table 2 – M&I Revenue Source Status

Revenue Source	Original Endorsed M&I Plan	Adopted 2011-2017 CIP	Description	Status
<p>Baseline Revenues: New Bel-Red Taxes</p>	<p>\$10.0</p>	<p>\$0.0</p>	<p>Net new taxes generated from development in the Bel-Red area.</p>	<p>Timing of Bel-Red development uncertain, so no new taxes included in the CIP. Development cycle, economic recovery will determine when these revenues are available.</p>
<p>ROW Dedication</p>	<p>\$19.0</p>	<p>\$0.0</p>	<p>Dedicate property for rights-of-way (ROW) in exchange for development credits</p>	<p>Currently, no agreements regarding ROW dedications.</p>
<p>Storm Drainage Fees</p>	<p>\$10.0</p>	<p>\$0.0</p>	<p>Storm water rate increase of about 1.5% per year, levied over 10 years to fund storm drainage and stream corridor improvements</p>	<p>Four rate increases approved by Council (2009-2012). These revenues are available and programmed in the Utility Funds rather than the General CIP.</p>
<p>Incentive Zoning</p>	<p>\$22.0</p>	<p>\$0.0</p>	<p>Provision linking density of private development to participation in incentive</p>	<p>Received \$0.8 million from King County in 2009 for the transfer</p>

			zoning; additional density above a base level is allowable if development provides park land, stream corridor improvements, or affordable housing	of development rights program. Council adoption of “catalyst” projects impacts future revenues.
Grants	\$12.0	\$11.2	Funding from State, Federal, and other sources to pay for capital investments	NE 4 th and 120 th projects awarded a total of \$7.9 million, with an additional \$3.3 million on the PSRC contingency list. Staff will continue to pursue all eligible grant opportunities.
Local Revitalization Funding	\$0	\$7.0	NE 4 th Street project awarded funding from the State under the new Local Revitalization Financing Program. State contributes funds through sales tax increment.	City bond issuance eligible at anytime; state tax revenue to repay bonds begin upon project completion.
Impact Fees	\$65.0	\$29.8	Fees charged to new development to help pay for cost of transportation improvements	Lower revenue estimates during the current CIP period due to economic slowdown and Council approved rate schedule which provides for step fee increases over the next 6 years.
Local Improvement District	\$56.0	\$10.2	Capital funding method authorized by State statute; provides for properties to help fund capital projects in proportion to “special benefits” received	Property owners have protested the formation of the “Wilburton LID”; therefore, the first LID will not be formed as originally presented. Future LID contemplated in the M&I Plan.
LTGO Bonds	\$105.0	\$12.5	Annual 3% increases in property taxes over 10 years (offset by sales tax)	Council enacted one increase thus far (2009 levy) and subsequently issued \$12.5 million in LTGO Bonds in 2010.
Sales tax to support finance costs of LTGO Bonds	\$0	\$4.6		

Funding Status of M&I Projects Currently Underway (NE 4th & 120th Ave, Stages 1, 2 & 3)

More specifically to projects currently underway, Table 3 provides status of the status each revenue source identified in the 2011-2017 Capital Investment Program (CIP) for the NE 4th and 120th Avenue NE, Stages 1, 2 and 3.

Table 3 – Current Funding Status for the M&I Projects Underway (By Source)

Project	Adopted 2011- 2017 Budget	Revenue Source			Status
		Type	Secured	Unsecured/ Projected	
NE 4 th	\$38.4	LTGO Bond Proceeds	5.9		Secured and available.
		Local Revitalization Financing	7.0		Secured. Bond issuance eligible anytime; state sales tax revenue (LRF) to repay bonds cannot begin before project completion.
		Federal STP	2.3		Secured. Obligation date 6/1/2011. Return date 9/30/12.
		Federal STP	3.3		Secured. Obligation date 3/1/13. Return date 6/30/14
		LID		9.7	Unsecured; LID protested.
		Impact Fees		10.2	Projected out-year revenue (2013-2015).
		Project Total	18.5	19.9	
120 th Stage 1	\$7.0	LTGO Bond Proceeds	3.9		Secured and available.
		Federal STP	2.6		Secured. Grant in past due status. Return date 3/31/2012.
		LID		0.5	Unsecured; LID protested.
		Project Total	6.5	0.5	
120 th Stage 2/3	\$21.5	LTGO Bond Proceeds	3.2		Secured and available.
		State Grant	3.0		Secured. Award requires construction to begin by 2014.
		Impact Fees		15.3	Projected out-year revenue (2015-2016).
		Project Total	6.2	15.3	

Projected Expenditures for the NE 4th Street and 120th Ave Stage 1, 2 and 3

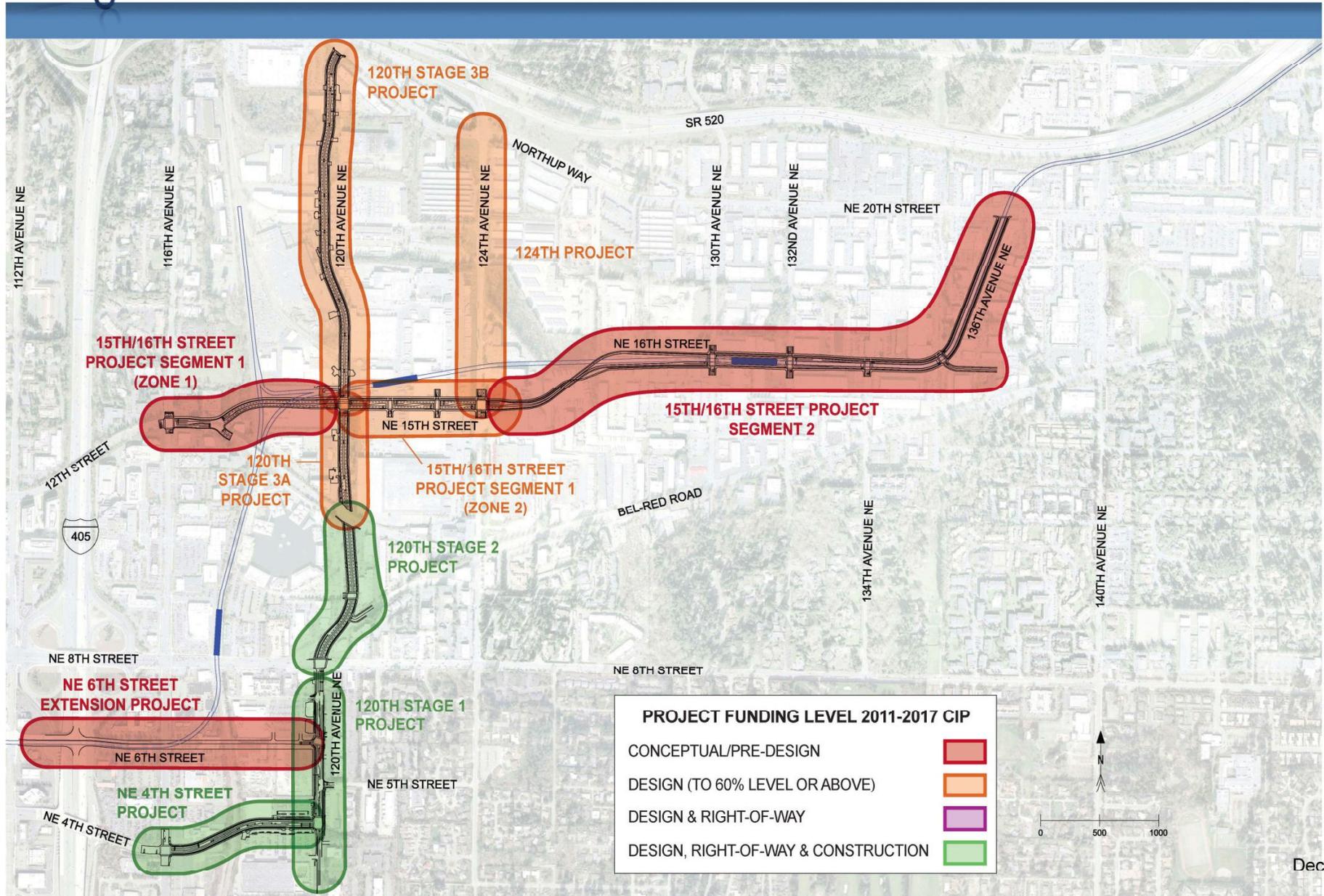
Following through on previous Council spending authorizations project expenditures are anticipated as shown in Table 4.

Table 4 – Project Expenditure Status (\$M)

Project		Adopted Project Budgets	Total Anticipated Expenditure through Q3 2011	Projected Expenditures Q4 2011 thru Completion
NE 4 th Street	Design	\$ 3.60	\$ 3.04	\$ 0.56
	ROW	24.20	0.08	24.12
	Construction	10.60	0.00	10.60
	Project Total	38.40	3.12	35.28
120 th Ave Stage 1	Design	1.00	1.00	0.00
	ROW	2.10	1.60	0.50
	Construction	3.90	0.00	3.90
	Project Total	7.00	2.60	4.40
120 th Ave Stage 2/3	Design	3.22	2.00	1.22
	ROW	12.12	0.04	12.08
	Construction	6.14	0.00	6.14
	Project Total	21.48	2.04	19.44
Total		\$ 66.88	\$ 7.76	\$ 59.12



Projects Overview Map



CIP FUNDING STRATEGY AND SOURCES

MOBILITY & INFRASTRUCTURE INITIATIVE

The following section provides a review of the Mobility & Infrastructure Initiative (M&I), including, background/history and what is included in the adopted 2011-2017 CIP Plan.

➤ **Background and History**

In January 2009, the Council endorsed the M&I Plan. This plan was the product of extensive Council discussions throughout the prior year centered on funding high priority transportation and other capital investments to mitigate growing congestion problems in the City.

The projects included in this plan were estimated to cost approximately \$299 million, and were expected to be constructed within the next 7 years. The plan also outlined a strategy to generate funding to pay for these investments over a 10 year period. The financial strategy was intended to generate the revenue necessary to pay for these improvements, and was based on the philosophy that those who benefit from the improvements should help pay for them. The funding plan used a balanced set of resources, including property tax, impact fees, local improvement districts, grants, incremental tax growth, and several other revenues.

The funding strategy was informed by the following principles.

- Take a long view, with the understanding that the basic infrastructure, livability investments, and amenities will occur as redevelopment takes place;
- Maintain the City's long-term financial stability (thus preserving the City's Aaa bond rating);
- The cost for public infrastructure should be shared based on the relative impacts and benefits of development;
- Should enable the Bel-Red vision to be realized;
- Should be complementary to the long-term economic development goals for Bellevue; and
- Public investments should be made strategically in order to leverage them for the greatest public good.

Highlights:

- High priority transportation and other investments to address growth in downtown and Bel-Red
- Council endorsed \$299 million Finance Plan (January 2009)
- Based on the philosophy that those who benefit from the improvements should help pay for them

CIP FUNDING STRATEGY AND SOURCES

MOBILITY & INFRASTRUCTURE INITIATIVE

➤ Adopted 2011-2017 CIP Plan

The 2011-2017 General CIP Plan represents a phased approach to project implementation, with a mix of partial and full funding of seven M&I projects, primarily focused on arterial streets, over the next seven year CIP period to match resources available. These projects total approximately \$78.0 million or 22% of total General CIP funding. Over \$200.0 million of the original M&I plan remains unfunded.

Since there was insufficient M&I revenue to pay for all of the original projects and all of the projects included for the 2011-2017 CIP, general taxes are supporting the M&I during this seven year period by \$1.2 million (\$1.5 million since 2009).

As mentioned above, the original M&I Plan covered a 10 year period, with projects being constructed in the first 7 years and supported by revenues generated over 10 years. With the Plan starting in 2009, the 2011-2017 CIP covers years 3-9 of this original 10 year period. The CIP revenue assumptions for 2011-2017 are conservative, only including funding from actions the Council has directed or are in progress, as opposed to the full set of actions included in the M&I Plan. The 2011-2017 CIP includes:

- NE 4th/120th LID at 75% special benefit;
- \$12.5 million LTGO bonds issued in 2009 – Supported by the already taken (year 2009) 3% property tax increase;
- Transportation impact fees with rate transitioning from \$2,000 to \$5,000 per earlier Council direction;
- Local Revitalization Funding;
- \$7.4 million from the Supplemental CIP LTGO bonds; and
- Known grants

In particular, it includes the single 3% property tax increase the City already took in 2009. Since the original M&I funding plan contemplated additional 3% increases each year, not including this added property tax revenue alone amounted to over \$70 million less available revenue for the 7-year CIP.

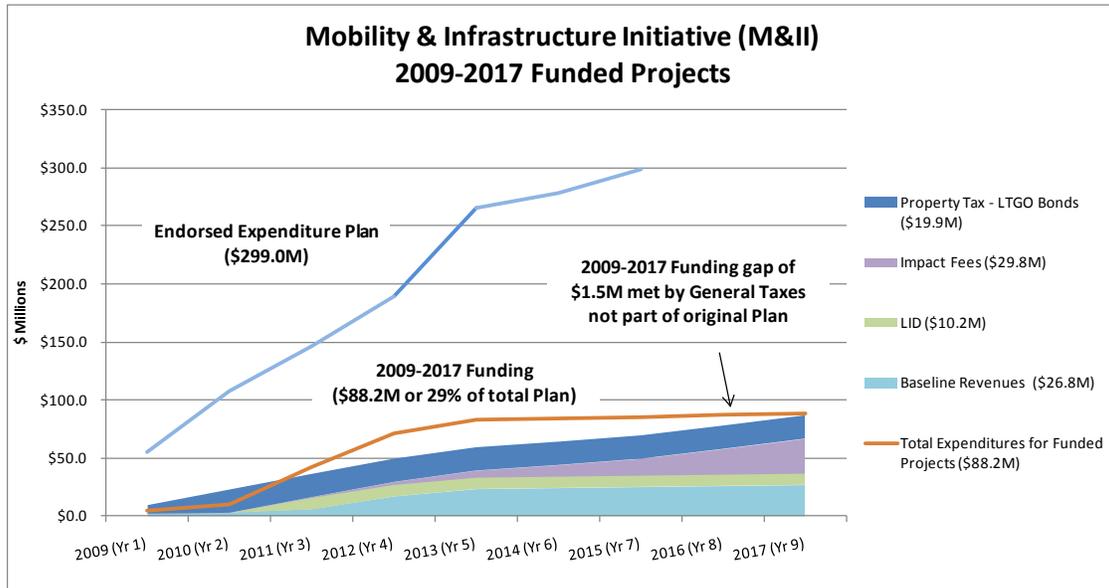
Highlights:

- 2011-2017 CIP reflects a phased approach to project implementation totaling \$78.0 million
- \$1.5 million in general taxes to support currently funded M&I projects thru 2017
- Limited set of funding sources assumed; not the full set of actions that are included in the endorsed plan
- Wilburton LID is assumed at 75% special benefit
- Transportation impact fee assumes scheduled rate increases
- Only the single 3% property tax increase taken in 2009 is included
- Only 29% of the original plan is funded; over \$200 million remains unfunded

CIP FUNDING STRATEGY AND SOURCES

MOBILITY & INFRASTRUCTURE INITIATIVE

The following chart illustrates a breakdown of the assumed resources to fund the M&I during the 2011-2017 CIP Plan. As shown below, these revenues are only 29% of the original plan endorsed by Council. Over \$200 million in projects remain unfunded. Funding sources are insufficient to meet the 71% balance of the M&I projects without the full set of revenue enhancements originally endorsed by Council or significantly scaling back of the M&I projects. The impact of the assumed CIP revenues and expenditures vs. the original M&I expenditure line is illustrated below.



Project Funding Brief

The following is a list of what project phases are funded in the 2011-2017 CIP.

- NE 4th Street Extension 116th to 120th Avenues NE
- 120th Ave NE Improvements (Stage 1) – NE 4th to NE 8th St
- 120th Ave NE Improvements (Stage 2) – NE 8th to Northup Way
- NE 6th Street Extension
- NE 15th Street Multi-Modal Corridor (Stage 1)
- 124th Ave NE – NE 15th/16th Extension to Northup Way
- ITS Master Plan Implementation Program
- LTGO Debt Service

CIP FUNDING STRATEGY AND SOURCES

MOBILITY & INFRASTRUCTURE INITIATIVE

Expenditures (\$M)	Original M&I Plan	Adopted CIP 2011- 2017	Total Project Funding
NE 4th Street Extension 116th to 120th Avenues	\$50.0 ⁽¹⁾	\$36.7	\$38.4
120th Ave NE Improvements (Stage 1) - NE 4th to NE 8th St	\$0.0	\$5.1	\$7.0
120th Ave NE Improvements (Stage 2 & 3) - NE 8th to Northup	\$13.0 ⁽²⁾	\$20.8	\$21.5
NE 6th Street Extension	\$6.0	\$0.6	\$1.0
NE 15th Street Multi-Modal Corridor (Stage 1)	\$83.0	\$4.6	\$5.4
124th Ave NE - NE 15th/16th Extension to Northup Way	\$3.0	\$1.8	\$1.8
ITS Master Plan Implementation Program	\$2.0	\$2.4	\$2.4
LTGO Debt Service	\$0.0	\$6.1	\$6.1
Other Downtown Projects	\$16.0	\$0.0	\$0.0
Downtown Circulator	\$3.0	\$0.0	\$0.0
Ped/Bike/Neighborhood Sidewalks	\$15.0	\$0.0	\$0.0
Metro Site	\$18.0	\$0.0	\$0.0
Bel-Red Land Acquisition	\$32.0	\$0.0	\$4.6
Public Safety Project	\$3.0	\$0.0	\$0.0
Finance Costs	\$55.0	\$0.0	\$0.0
Total Expenditures	\$299.0	\$78.0	\$88.2

⁽¹⁾ Original cost estimate included 120th Avenue Stages 1 & 2

⁽²⁾ Original cost estimate included only 120th Avenue Stage 3

As previously mentioned, general taxes are supporting the M&I during this seven year period by \$1.2 million (\$1.5 million since 2009) as illustrated in the table below.

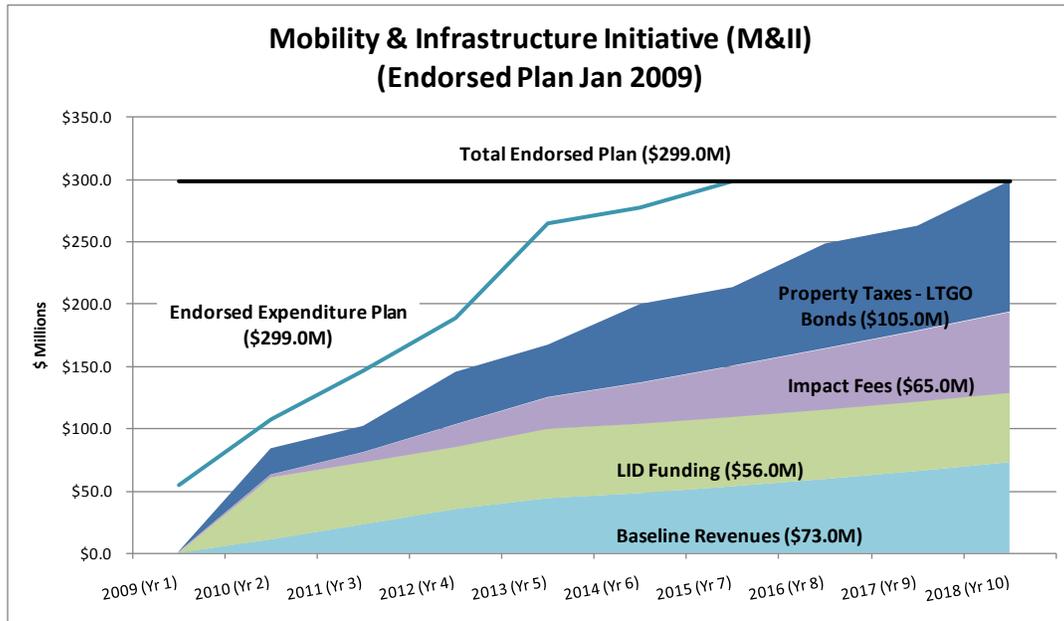
Resources (\$M)	Original M&I Plan	Adopted CIP 2011- 2017	Total Funding
Baseline Revenues:			
New Bel-Red Taxes	\$10.0	\$0.0	\$0.0
ROW Dedication	\$19.0	\$0.0	\$0.0
Storm Drainage Fees	\$10.0	\$0.0	\$0.0
Incentive Zoning	\$22.0	\$0.0	\$0.8
Sales tax earmarked for debt service	\$0.0	\$6.1	\$6.1
Sales tax before debt service	\$0.0	\$0.0	\$1.7
Grants	\$12.0	\$11.2	\$11.2
Local Revitalization Funding	\$0.0	\$7.0	\$7.0
Impact Fees	\$65.0	\$29.8	\$29.8
Local Improvement Districts	\$56.0	\$10.2	\$10.2
LTGO Bonds (20-year debt, including Supplemental CIP)	\$105.0	\$12.5	\$19.9
Total M&I Resources	\$299.0	\$76.8	\$86.7
Total M&I Resources	\$299.0	\$76.8	\$86.7
Total M&I Expenditures	\$299.0	\$78.0	\$88.2
Projected Funding Gap Met by General CIP Taxes	\$0.0	(\$1.2)	(\$1.5)

CIP FUNDING STRATEGY AND SOURCES

MOBILITY & INFRASTRUCTURE INITIATIVE

The Original Plan

As illustrated below, the original Council-endorsed M&I Plan contemplated \$299 million in revenues over ten years, completing \$299 million in projects during the first seven years.



Mobility and Infrastructure Initiative Finance Plan January 20, 2009

In January 2008, the City Council initiated work on development of a Mobility and Infrastructure Initiative financing strategy. The purpose of this effort was to fund high priority transportation and capital investments to mitigate growing congestion problems in the City. A recent survey of Bellevue Residents identified investment in transportation facilities as the highest priority municipal investments to maintain or enhance quality of life in Bellevue. The Finance Plan would supplement the City's existing Capital Improvement Plan and special property tax (known as the "Supplemental CIP") levied by the Council to fund high priority capital needs in the community, and deliver new transportation and other capital projects within a 10 year timeframe.

This Plan provides general policy guidance for capital project and funding decisions. Future actions by the City Council will need to be taken to fully implement this Plan, and those actions may require periodic adjustments to this Plan.

The transportation investments identified in this Plan respond to travel demand caused by development in the Downtown, and provide initial capital investment in the Bel-Red area to support planned growth.

Growth in downtown. Downtown Bellevue experienced phenomenal growth in office space and in residential construction between 2005 and 2008. During that period, approximately 2.5 million square feet of new office space was developed. Most of that space is now leased, and 6,000-8,000 new employees are expected to be working in Downtown in 2009. During that same period, 3,700 new residential units were permitted. While leasing and sales of these units have not occurred as rapidly as the office space, the combined impact of this growth will add congestion to our downtown streets.

Growth Planned for Bel-Red. The City initiated work on the development of a long-term plan for the redevelopment of the Bel-Red area of the City in 2005 in order to establish a solid and dynamic economic future for the Bel-Red area, and also to be proactive on planning for the potential of high capacity transit through the corridor (connecting Downtown Bellevue with Overlake). In initiating the Bel-Red planning project, the City Council adopted principles that stress the importance of a long range vision, economic vitality, land use/transportation integration, protecting natural resources, and creating new community amenities.

Over a two year planning process, the Bel-Red Steering Committee developed a new vision for Bel-Red of denser, transit oriented new neighborhoods that will require significant public investments in transportation, parks, and

environmental improvements. The Committee concluded that new investment in infrastructure and amenities would be needed to transform the area, and that a significant share of the investment would need to come from the properties undergoing redevelopment. The Committee stressed the importance of use of incentives to provide this investment, capitalizing on the additional intensity and height provided by new zoning.

The Mobility and Infrastructure Initiative financing strategy contains specific capital projects and a financing strategy. Each are described below.

Capital Projects. The strategy contains a core group of transportation investments designed to address growth in travel demand from Downtown development and from growth anticipated in the Bel-Red area. These transportation investments have been selected because they have the greatest positive impact in reducing congestion.

NE 4th extension, from 116th to 120th Avenue NE (\$50M). This project will construct a 5 lane arterial street, connecting the NE 4th Street/I-405 interchange with 120th Avenue NE. The project includes realignment of the 120th/NE8th intersection with lane transition on 120th to NE10th Street. The project will include sidewalks and bike lanes, and provide a new arterial connection to and from the Downtown, allowing traffic to move from Downtown to the east and northeast parts of the City. This new street will reduce congestion on NE 8th Street, and provide congestion relief for north bound traffic on 116th Avenue NE, thereby relieving access constraints to the hospital district north of NE 8th Street, on 116th Avenue.

NE 6th Street Extension, from I-405 to 120th Avenue NE (\$6M). Like the NE 4th Street project, this street improvement will provide a new east/west connection to and from Downtown by connecting the existing NE 6th Street interchange at I-405 with 120th Avenue NE. The function of this street will be to serve transit, carpools, and van pools seeking to enter or leave the Downtown. Like the NE 4th Street project, this improvement will reduce congestion on NE 8th Street, and provide an important travel time benefit to high occupancy vehicles entering and leaving the Downtown. Funding in this Plan supports engineering and some right-of-way acquisition for this project. Construction funding is anticipated from State and other sources.

120th Avenue NE Street Widening (\$13M). This project will widen the existing 120th Avenue street to 5 lanes from NE 10th Street to Northup Road, and provide sidewalk, bike lanes, and street light improvements. The project will provide new street capacity serving travel demand from the Downtown to the east and northeast parts of the City. It reduces congestion on NE 8th Street, and on 116th Street. The northerly part of this project will support planned growth in the Bel-Red area.

NE 15th Street, from 116th Avenue NE to 124th Avenue NE (\$83M). NE 15th Street is the centerpiece of the transportation strategy for Bel-Red. It provides for auto access to new development, accommodates new trips moving through the area from Downtown and elsewhere, provides a light rail corridor, establishes a major east/west pedestrian and bicycle connection between Downtown and Overlake, and is designed as a 'green' street, functioning as a visual and usable amenity for people living and working in the area.

124th Avenue NE, from NE 15th Street to the SR 520 Interchange (\$3M). This project will widen the existing street to 5 lanes, and add sidewalks and street lights. This capacity improvement will support planned growth in Bel-Red, and connect the arterial improvement described above to SR 520; this project will also help support completing the interchange at 124th and SR 520 to allow access to and from the east. Funding in this Plan supports engineering and some right-of-way acquisition. Construction of this project will be accomplished through future City capital investment when funding becomes available.

The strategy contains other capital projects needed to support growth in the Downtown or in Bel-Red or to fund other high priority capital infrastructure needs. These projects include:

Other Downtown Projects (\$16M). This allocation provides supplemental funding for ongoing Downtown projects. Allocation of this earmark to specific projects will occur by a future Council action.

Intelligent Transportation Improvements (\$2M). This project will help to replace the City's Traffic Signal System, including a new fiber optic communication network, and new computer software and hardware. This investment will improve signal timing and operations for vehicles and pedestrians, provide for Transit Signal Priority technology, ensure better signal coordination and operation, and support the development of a multimodal transportation system in Downtown.

Downtown Circulator (\$3M). This project completes funding for a new fare free transit service downtown, linking key destinations via a circular transit route providing efficient service to people moving between locations downtown.

Pedestrian and Bike Improvements (\$15.5M). This project is intended to fund one key north/south or east/west bike corridor and potentially neighborhood sidewalk projects. The Transportation Commission is now prioritizing key pedestrian/bike investments, and their recommendations will assist the City Council in selecting which project(s) to implement.

Metro Site Acquisition (\$18M). Acquisition of this property, located adjacent to City Hall is identified as a key acquisition priority for Downtown, and will provide a home to a new Downtown Fire Station, and other City Facilities.

Bel-Red Land Acquisition (\$32M). The Bel-Red Plan contains new community parks, neighborhood parks clustered in the mixed use residential area, and a system of trails providing connections through the area. The park system is designed to capitalize on adjacent stream locations so that the benefits of the open space, stream restoration and trails work together as an integrated system of green spaces. The park and stream restoration strategy is a necessary component to the overall redevelopment, making the area more livable. These open spaces will also serve the broader community by providing destination recreational opportunities and by linking key recreation destinations through development of the trail system. This project funds property acquisition and stream restoration to support development in the Bel-Red area.

Public Safety Project (\$3M). The Council has ‘earmarked’ \$3 million to support public safety facility needs. Projects that have been discussed include possible investment in a new Downtown fire station, relocation of District Courts, or a possible investment in a short term detention facility. Direction on how this money is spent will be determined by future Council action.

The projects in total will cost about approximately \$299 million, and will be constructed within the next 10 years. These projects will be added to the City’s Capital Investment Program by future action of the City Council.

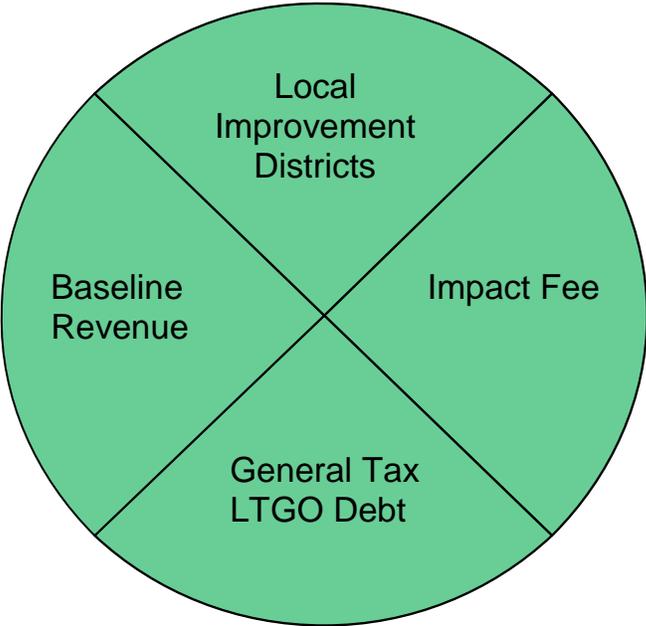
Mobility and Infrastructure Initiative Finance Plan	
Projects	Project Costs
NE 4th	\$50M
NE 6th ext	\$6M
120th	\$13M
NE 15th	\$83M
124th	\$3M
Other Downtown Projects	\$16M
ITS capital improvements	\$2M
Downtown Circulator	\$3M
Ped/Bike/Neighborhood sidewalks	\$15M
Metro Site	\$18M
Bel-Red Land Acquisition	\$32M
Public Safety Project	\$3M
Finance Costs*	\$55m
Total	\$299M

*estimated costs for 2009-2015 CIP planning period.

Financial Strategy. The Plan outlines general policy guidance for a financial strategy to generate the funding to pay for these investments. The financial strategy is general expected to generate sufficient revenue necessary to pay for these improvements, and is based on the philosophy that those who benefit from the improvements should help pay for them. The financial strategy was informed by the following principles.

- The Finance Plan should take the long view, with the understanding that the basic infrastructure, livability investments, and amenities will occur as redevelopment takes place;
- The Finance Plan should maintain the City’s long-term financial stability (thus preserving the City’s Aaa bond rating);
- The cost for the public infrastructure should be shared based on the relative impacts and benefits of development;
- The Finance Plan should enable the Bel-Red vision to be realized;
- The Finance Plan should be complementary to the long-term economic development goals for Bellevue; and
- Public investments should be made strategically in order to leverage them for the greatest public good.

These principles are illustrated by the following graphic.



The Plan proposes a combination of traditional and new funding strategies to pay for the investments outlined above. These funding sources are described below:

Property Tax Annually. The City Council has chosen to raise property taxes by 1% over 10 years to help fund this package of improvements. This tax increase recognizes the general public benefit provided by these transportation and other investments, and will generate approximately \$35 million in bonds over the next 10 years. The City Council has also elected to extend the 2% annual increase

in property taxes by two years (to coincide with the 1% increases) and committed approximately \$70 million in bonds from the Supplemental CIP to support these improvement, for a total property tax supported investment of \$105 million.

Storm Drainage Utility Funds. The City has a long history of funding storm drainage and stream corridor improvements through the City Storm and Surface Water Utility. The Plan contains a storm water rate increase of about 1.5% per year, levied City-wide over 10 years, to pay for storm water improvements in the Bel-Red area. This rate increase will raise \$10 million for these improvements over the 10 year period.

Local Improvement District Funding. Local Improvement Districts (LIDs) are a capital funding method authorized by State statute, and recognize that transportation improvements provide improved access to private property, thereby increasing the value of that property. LIDs assign the cost of improvements to private property based on the benefit these properties receive. This Plan contemplates the creation of two LIDs - one for the NE 4th Street project, and a second for the NE 15th/120th project. The Plan assumes that the LID will be funded from private property owner assessments, and from the City through general revenue sources. The LIDs are expected to generate about \$56 million from private property participants in the LID.

Transportation Impact Fees. Transportation impact fees are currently levied by the City against new development to help pay for the cost of new transportation improvements serving that new development. This Plan anticipates new transportation impact fee revenue of about \$65 million over the next 10 years.

New Bel-Red Tax Revenue. New development in the Bel-Red area will generate net new general revenues to the City. This Plan dedicates 40% of the net new revenues from Bel-Red growth to pay for capital investment needed to support Bel-Red development. This share of new Bel-Red tax revenue is expected to generate about \$10 million over the next 10 years to support capital investment.

Grants. The City has historically relied on grants from State, Federal, and other sources to fund capital investment. This Plan anticipates that \$13 million will be obtained over the next 10 years to support these investments. Grants, unlike the other revenues sources identified in this Plan, are highly variable, and may be significantly influenced by changes in federal policy.

Right of Way Dedication. Property owners may dedicate property for rights-of-way (ROW) provided that it benefits their development and that they receive development credits for the land dedicated. The amount dedicated would vary depending on the timing of the transportation projects and private development.

The Plan assumes that 15% of the total ROW costs would be acquired through dedication. This would generate about \$19 million in cost savings for the investments identified in this Plan.

Incentive Zoning. The Bel-Red Plan contains an incentive zoning provision that links the density of private development to participation in the incentive zoning scheme, where additional density above a base level is allowable only if that development provides park land, stream corridor improvements, or affordable housing. This Plan anticipates about \$22 million will be generated through incentive zoning.

Revenue sources	10-Year Revenue Estimate
Baseline revenues	
• New Bel Red taxes	\$10M
• Grants	\$12M
• ROW dedication	\$19M
• Storm drainage funds	\$10M
• Incentive zoning	\$22M
LID funding	\$56M
Impact fees	\$65M
Property Tax	\$105M
Out-Year CIP Funding	\$0M
Total revenue	\$299M
Gap	\$0

The combination of these revenue sources is expected to provide sufficient funding to pay for the investments identified in the Plan. Because many of these revenues are sensitive to economic activity and to the pace of private development, the City will have to use financing techniques that involve the issuance of debt. The City anticipates that delivery of the projects contained in this Plan will be staged over the next decade or so, so that the cash flow issues associated with the variability in revenues can be managed.

Staff will return to the City Council in Spring 2009 with a more detailed implementation strategy describing how the transportation projects can be delivered over the next 7 years, a detailed financing plan for each project, and related actions that the Council will have to take to move the plan forward. This work will also identify other actions the City should take to coordinate capital construction, like linking planned water and sewer improvements to the road construction projects.

Adoption of the Plan and subsequent actions by the City to implement the Plan. The Plan outlines the projects and revenue sources that will be used to fund the Plan. This Plan will be implemented in steps, as outlined below:

Step 1. Action by the City Council to adopt the property tax increase and storm drainage rate increase outlined in this Plan.

Step 2. Review and endorsement of the Mobility and Infrastructure Initiative Finance Plan, anticipated on January 20, 2009.

Step 3. Action by the City Council to adopt the Bel-Red Subarea Plan, Zoning, and Land Use Code amendment, anticipated in February or March 2009.

Step 4. Action by the City Council to amend the City Capital Improvement Plan to include the projects contained in this Plan, March 2009, following adoption of the Bel-Red Plan.

Step 5. Action by the City Council to amend the City Transportation Facility Plan and Transportation Impact fee Ordinance, anticipated in March 2009.

Step 6. Action by the City Council to form the NE 4th LID and the Bel-Red LID.

City staff will initiate work to complete engineering, acquire necessary property and implement the projects following these City Council actions. Further refinement of this Plan will occur in the upcoming months based on the direction provided by Council.

Adoption of this Plan meets the requirements of the proposed Bel-Red Land Use Code for City Council approval of a financial plan, and allows the phasing limitation of a .5 FAR throughout the Bel-Red area to be eliminated.