

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 10, 2008
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger and Councilmembers Bonincontri, Chelminiak, Davidson, Lee, and Noble

ABSENT: Deputy Mayor Balducci

1. Executive Session

Councilmember Chelminiak called the meeting to order at 6:01 p.m., and announced recess to Executive Session for approximately 20 minutes to discuss one item of potential property acquisition.

The meeting resumed at 6:16 p.m., with Mayor Degginger presiding. All Councilmembers except Deputy Mayor Balducci were present.

2. Oral Communications

- (a) Caitlin Hillary, Overlake Hospital and Medical Center, spoke to the list of priority transportation projects supported by Overlake Hospital and Group Health, which includes many of the same projects identified as high priorities by the City. She encouraged the Council to complete transportation projects before traffic congestion worsens in and around the hospital campuses. Hospital representatives would like further discussion with the City regarding the potential local improvement district (LID) in the Bel-Red corridor. They are interested in partnering with the City regarding ways to fund additional access at 124th Street via a SR 520 eastbound ramp. Ms. Hillary thanked City staff for their work and coordination with Overlake Hospital and Group Health.
- (b) Craig Foreman, a resident, business owner, and Chair of the Bellevue Chamber of Commerce Executive Committee, reviewed the Chamber's transportation and capital project priorities. He noted the Chamber's letter provided in Council's desk packet regarding 2009-2015 capital projects and the mobility initiative.

- (c) Todd Woosley, Hal Woosley Properties, spoke in opposition to the proposed creation of a local improvement district (LID) that would tax businesses in the Bel-Red corridor. He feels this approach would disproportionately and unfairly tax existing businesses to support new growth. He asked that tax levels be limited to an amount shown to have a proven benefit to the affected business. Mr. Woosley submitted his comments in writing as well.
- (d) Ernesto Simas spoke as an individual. However, he noted that he was Chair of the Bellevue Chamber of Commerce Transportation Committee for two years, and he currently serves on the Chamber-Bellevue Downtown Association budget task force that is reviewing and recommending transportation investments. Mr. Simas said he chose to live in Bellevue because he feels it is a well-run city that plans for the future. He urged the Council to move forward with needed transportation projects in order to benefit both businesses and citizens.
- (e) Blaise Bouchard, a Bridle Trails resident, said he is founder of Maison de France home furnishings and interior design business which is located in the Bel-Red corridor. He asked the Council to carefully consider the effect of increasing B&O taxes and property taxes on Bel-Red businesses. He asked the Council to consider establishing a roundtable forum regarding the commercial real estate market. He would like the forum to explore the implications of encouraging larger/chain businesses in the downtown while leaving smaller businesses outside of the downtown. After 12 years he relocated from downtown to the Bel-Red corridor due to rental rate increases. Mr. Bouchard asked the Council to consider designating a day without cars in an area within Bellevue, perhaps on a Sunday. He suggested Bellevue Way, NE 8th Street, Bel-Red Road, and Northup Way as preferred routes for the creation of new bike lanes.
- (f) Linda James introduced herself as one of the owners of Evergreen Center on 130th Avenue NE, which is the location of Angelo's Restaurant and Maison de France. She is also part owner of properties on 132nd Avenue and 16th Street, which house 32 business tenants in the Bel-Red area. Ms. James explained that Bel-Red businesses are opposed to proposed LID taxes of up to \$4 per square foot to create infrastructure in preparation for redevelopment. She is concerned that the taxes will discourage business tenants.
- (g) Patrick Bannon, Bellevue Downtown Association, referenced a letter sent to the Council last Thursday addressing the BDA's comments on long-range capital and transportation projects. He encouraged the Council to move forward with continued infrastructure investments including NE 2nd Street enhancements as well as a study of Bellevue Way SE between 112th Avenue and I-90 in terms of planning for future light rail. The BDA is concerned that proposed impact fee increases are too steep and should be introduced incrementally. Mr. Bannon thanked the Council for its hard work and collaboration with the BDA and Chamber.

- (h) Walter Scott, Legacy Commercial, commented on the Bel-Red redevelopment plan and expressed concern regarding the preservation of existing uses/businesses. He encouraged greater zoning flexibility.
- (i) Curt Howler spoke to the adverse impacts on Bellevue residents associated with development in adjacent portions of Redmond, including the proposed development of the Angelo property. He said Bellevue has done a good job in the past of coordinating commercial and residential development to avoid negative impacts, and he encouraged the Council to continue in this manner. He asked the Council to restrict building heights to a maximum of three stories as part of the redevelopment of the Bel-Red corridor.

3. Study Session

- (a) Council Business and New Initiatives

[No new initiatives were introduced.]

- (b) 2009-2010 Operating Budget and 2009-2015 Preliminary Capital Investment Program (CIP) Budget

City Manager Steve Sarkozy announced that the Downtown Circulator agenda item would not be discussed tonight as originally planned.

Mr. Sarkozy said that I-405 will have partial lane closures over the coming weeks as work on the NE 10th Street extension continues.

Finance Director Jan Hawn said the 2009-2015 General Capital Investment Program (CIP) Budget totals \$339.8 million. It has no tax rate increase and completes the initial phase of the Supplemental CIP Plan. The plan includes limited new investments totaling \$6.9 million in transportation safety and mobility, technology and operational infrastructure, and environmental stewardship. The General CIP maintains current commitments including continued funding for maintenance and operating expenditures (\$9-10 million annually) on completed projects to preserve existing infrastructure, funding for City Hall debt (\$43.4 million over seven-year period), and cash flow borrowing interest costs (\$7.2 million over seven-year period). The CIP provides matching funds of \$28.5 million for the 2008 parks levy.

The largest percentage of CIP Plan resources comes from General CIP taxes (\$183.7 million or 54 percent). Real estate excise tax (REET) collections represent 25 percent of CIP Plan funding, and transportation funding provides 8 percent.

Transportation Director Goran Sparrman described five transportation safety and mobility investments: 1) Transit Implementation Strategy (Bellevue Mobility Initiative); 2) Traffic computer and communications system upgrade, 3) Pedestrian and Bicycle Safety Program, 4) I-90 Corridor Modeling (Eastgate Subarea Plan), and 5) Transportation Demand Management Program Enhancement.

Responding to Councilmember Lee, Mr. Sparrman explained that activities under the Transit Implementation Strategy include modeling for future light rail and an analysis to determine how best to restructure Bellevue's bus system to make sure it functions well with the growth that is forecasted.

Responding to Councilmember Noble, Mr. Sparrman said consultants will be used to do a majority of the work under the Strategy item.

Responding to Councilmember Bonincontri, Mr. Sparrman said the 2005 mode split was 15 percent all-day transit usage. The Downtown Implementation Plan (DIP) mode split target is 40 percent transit use by 2020. In further response, Mr. Sparrman said staff anticipates that the outcome of the consultants' work will result primarily in regional service strategies versus local implementation strategies.

Responding to Mayor Degginger, Mr. Sparrman explained that although the consultants' work will extend over a two-year period, interim analysis and recommendations will assist in influencing regional planning and implementation efforts. In further response, Mr. Sparrman said the Bellevue Transit Plan was focused on serving areas within Bellevue versus connecting Bellevue to the overall region. He acknowledged there is overlap in both efforts, however.

Councilmember Davidson commented on his ongoing concern regarding the use of capital dollars to conduct studies. Mr. Sparrman explained that the consultants' work will be used to prepare for the implementation of the recommended capital projects. This budget item will disappear after the strategic analysis is concluded.

Responding to Councilmember Bonincontri, Ms. Sparrman said there was some expectation several years ago that regional transit agencies would utilize Bellevue's Downtown Implementation Plan (DIP) in planning Eastside transit services. He noted that King County Metro does not have service modeling capacities. Sound Transit's recently approved Proposition 1 contains additional transit service hours. However, an analysis as to how best to deploy the service hours has not been conducted. Typically the regional agencies ask local governments to provide input on their needs.

Mayor Degginger expressed frustration with the prospect of yet more transit study and analysis. Mr. Sparrman explained that the DIP plans through 2020, while subsequent work regarding the Bel-Red corridor and Wilburton area has a 2030 planning horizon. This difference in planning horizons for different areas of the city presents a challenge. Therefore, one of the first things the Transit Implementation Strategy will do is to update the DIP. Additional work will study transit system alternatives including operational improvements and the coordination of Sound Transit and Metro services. While Bellevue cannot control what regional transit agencies ultimately do, providing analysis and recommendations typically enhances our influence with the agencies.

Councilmember Lee said he shares Mr. Degginger's frustration. He would prefer to fund projects and activities that increase the mode split, such as transportation demand management (TDM) tools, over more studies.

Responding to Councilmember Chelminiak, Mr. Sparrman said staff is currently preparing information regarding three mid-block crosswalk projects for presentation to the Council. This funding is located in the Supplemental CIP budget.

Mr. Sparrman responded to additional questions of clarification.

Mayor Degginger stated that the proposed Transit Implementation Strategy budget item has not been sufficiently justified in terms of the need for it as well as the intended outcomes of the analysis and studies. He summarized the City's numerous activities in studying and funding transit items, and questioned whether additional analysis is necessary. He expressed concern that the items to be studied are targeted for delivery in 2018, by which time additional updating of the analysis would be needed.

Mr. Sparrman said the studies will create a basis for providing specific input to regional transit agencies regarding service needs in Bellevue.

Mayor Degginger requested a more defined scope of work in terms of the specific charge for the City's consultants. He noted Council's concern regarding money spent on studies and the direct benefit of such expenditures.

Responding to Dr. Davidson, Mr. Sparrman said the City has completed many studies that have led to the implementation of projects. One example is the planning and completion of projects contained within the Downtown Implementation Plan.

Moving on, Mr. Sparrman reviewed the budget proposal involving traffic computer and communications system upgrades, which reflects an investment of \$1.67 million and includes four full-time equivalent (FTE) employees. He described concerns with the existing signal system and the benefits of improving the system. Mr. Sparrman reviewed the budget components of the Intelligent Transportation System (ITS) program

Responding to Dr. Davidson, Mr. Sparrman explained that staffing costs to upgrade the communications network and traffic computer are provided in the capital budget because the project has specific starting and ending dates. After the project is completed in 2015, the issue of how to fund ongoing staffing and operations costs will need to be addressed.

Responding to Ms. Bonincontri, Mr. Sparrman confirmed that much of the initial installation work can be contracted. However, staff recommends that ongoing operation and maintenance of the system be handled by in-house staff who are knowledgeable about the system's functions.

Responding to Councilmember Chelminiak, Mr. Sparrman said performance measures for the system will be based on how well it responds to local needs and traffic patterns. Mr. Sparrman said this item will be brought back to Council for further discussion in the future.

Councilmember Bonincontri clarified that she supports the proposed system upgrades, but she is concerned about hiring new staff and would prefer hiring a vendor to install the system.

Mayor Degginger asked staff to prepare information regarding the feasibility of using an outside contractor instead of new staffing, as well as information regarding specific performance measures to be used to monitor the system's effectiveness.

Mr. Sparrman reviewed the \$600,000 investment (including one FTE) proposed under the Pedestrian and Bicycle safety program, which is also part of the Bellevue Mobility Initiative.

Responding to Councilmember Davidson, Mr. Sparrman said the funding is in the capital budget instead of operating budget because the activities represent a short-term focused effort. Dr. Davidson expressed his concern regarding increased requests for staffing, as he would prefer to see specific projects completed.

Mr. Sparrman responded to additional questions of clarification.

Councilmember Chelminiak noted that he shares Dr. Davidson's concern about funding staffing and operations costs in the capital budget.

Responding to Mr. Degginger, Mr. Sparrman explained that a engineer position is recommended because the project will require the evaluation of tradeoffs involving engineering issues.

Mr. Sparrman reviewed the proposed investment of \$150,000 for I-90 transportation modeling and analysis to support an update to the Eastgate Subarea Plan.

He next reviewed the Transportation Demand Management (TDM) program enhancement proposal totaling \$155,000 which involves two parts: 1) Development of a citywide TDM implementation plan and 2) Funding of \$15,000 per year to support ongoing commute trip reduction (CTR) compliance.

Moving on, Mr. Sparrman recalled Council discussions over the past 18 months regarding electrical service reliability. Staff recommends an investment of \$200,000 to be used to hire a consultant to assess Puget Sound Energy's current and future plans to provide electrical utility service in the Bel-Red corridor and the Downtown. Mr. Sparrman noted the City does not have in-house expertise in this area.

Mayor Degginger suggested a broader scope of work to determine what the City could do to enhance reliability, on its own or in cooperation with PSE.

Councilmember Noble confirmed his interest as well in a citywide assessment of electrical reliability.

At 8:32 p.m., Mayor Degginger declared a short break.

The meeting resumed at 8:42 p.m.

Chief Information Officer Toni Cramer presented technology and operational infrastructure CIP budget proposals. Each item is an enterprise-based proposal intended to serve an enterprise-wide need. None of the proposals serve a specific department or niche. All of the proposals were rated as absolutely necessary by an interdepartmental technology governance group.

Ms. Cramer described the Electronic Content Management (ECM) digital asset management investment of \$0.2 million, and ongoing maintenance and operations funding of \$44,000 annually, to provide the tools necessary to efficiently manage and retain the growing volume of digital assets (i.e., audio, video, photographs, engineering drawings, etc.).

Ms. Cramer responded to questions of clarification.

Responding to Councilmember Davidson, Ms. Cramer said the ongoing M&O costs are associated with annual maintenance license fees for the software and maintenance fees for the hardware.

Responding to Councilmember Lee, Ms. Cramer explained that the requested public disclosure analyst position represents the conversion of a limited-term employee (LTE) to FTE status. This staff person determines the appropriate way to respond to requests and coordinates fulfillment of requests.

Responding to Mr. Chelminiak, Mr. Swift said M&O costs are paid from the CIP budget to an operating fund. Ms. Cramer added that the costs are then allocated to all City departments. Ongoing M&O costs are moved into the Information Technology Department's operating budget after the initial project is implemented.

Ms. Cramer described the \$0.5 million investment related to security and payment card industry (PCI) mandated requirements. This item provides the hardware and software to meet the PCI mandates regarding credit card processing. The City's current potential liability is \$30 million if all sensitive data were compromised.

Responding to Mr. Chelminiak, Ms. Cramer said the ongoing M&O costs of \$46,000 per year covers the maintenance on software for security testing which will be purchased and operated by the City.

Ms. Cramer reviewed the Land Information System (LIS) redesign and upgrade investment of \$0.5 million to develop system changes and tools for a centralized Master Address Repository. The LIS is a critical backbone for all enterprise and regional information systems. The budget

proposal includes annual M&O costs of \$114,000 to cover one FTE position. The project will fund the additional LTE staff position, which is slated for a two-year term.

Ms. Cramer described the budget proposal to replace the current Distributed Antenna System (DAS) in order to maintain the capability to extend cellular service into City Hall. Due to changes by the FCC regarding frequencies used by carriers for public safety and other reasons, the current system will become obsolete in approximately 2010. The investment maintains cellular service for daily communications, emergency operations, and citizen access.

Responding to Mayor Degginger, Ms. Cramer said \$25,000 of the \$47,000 in annual M&O costs is for maintenance, and \$22,000 is allocated to replacement reserves.

Ms. Cramer described the proposed Network Resiliency Phase I investment of \$0.1 million to enhance the City's network infrastructure in order to add redundancy in critical systems and diversity in locations and systems. The item includes ongoing M&O costs of \$22,000 per year. The cost of future investment phases is estimated at \$0.3 million.

Moving on, Sheida Sahandy, Assistant to the City Manager, presented the proposed Environmental Stewardship investments.

The Green Infrastructure Master Plan proposal is an investment of \$150,000 to create an integrated approach to managing the City's green infrastructure. It is a holistic and efficient plan to meet tree canopy and vegetation goals, improve aesthetics, and maximize ecological functions and values.

Responding to Mayor Degginger, Ms. Sahandy explained that a series of outcomes are desired, including the development of templates for different parts of the city to guide environmental activities (e.g., storm water management, neighborhood branding/aesthetics). The templates would be developed through a cross-departmental effort to coordinate department-specific needs and functions involved with projects.

Responding to Councilmember Lee, Ms. Sahandy said the Green Infrastructure approach is a newer, more comprehensive way to manage and monitor overall environmental issues.

In reviewing the proposed master plan, Councilmember Chelminiak questioned the benefit of spending \$50,000 per acre for restoration versus the approach proposed for the Bel-Red corridor involving the regional transfer of development rights. The latter approach could preserve a forested area outside of Bellevue, which would not contribute in terms of local aesthetics, but it would be a more effective way to reduce greenhouse gases than adding trees scattered throughout the community.

Ms. Sahandy described the proposed investment of \$0.7 million for a Right-of-Way (ROW) Planting and Restoration program. It provides for the removal of high-maintenance, problem vegetation and its replacement with site-specific, appropriate plants. Staff suggests establishing

a partnership with Puget Sound Energy as well to work on replacing vegetation with types that will be more manageable over the long term.

Ms. Sahandy responded to brief questions. She then described a proposal for an Enhanced Forest Management Program investment of \$0.7 million to support the ongoing urban forest restoration program, and to increase the rate of restoration and improvement through the added funding.

Ms. Sahandy provided an overview of the Greenhouse Gas Community Action Plan budget proposal. This investment of \$100,000 is the next step in the City's process to reduce greenhouse gas emissions by initiating a community-wide action plan.

Staff reviewed budget proposals to convert LTE staff positions to FTE status for the Neighborhood Outreach Coordinator, Art Program Coordinator, and two Finance/Human Resources IT Systems Business Process Analysts.

Planning and Community Development Director Matt Terry reminded the Council about the role of the Neighborhood Outreach Coordinator position in the City's code compliance outreach effort over the past few years.

Mayor Degginger expressed support for the program's ongoing neighborhood building activities, and noted they have produced tangible results.

→ Councilmember Chelminiak moved to extend the meeting to 11:00 p.m., and Councilmember Bonincontri seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-0.

Mr. Terry described the Art Program Coordinator position, which was created a number of years ago following Council adoption of the Cultural Compass plan.

Councilmember Bonincontri expressed support for converting the position to FTE status. She encouraged expanding public art programs more broadly throughout the community.

Dr. Davidson reiterated his concern about funding staff positions in the capital budget. He understands why positions are funded initially in this manner for new projects, but he questions maintaining ongoing staff funding in the capital budget instead of in the operating budget.

Mr. Terry clarified that the cost of the staff positions is included in current program budgets. While the positions have been allocated within the CIP Plan, they could be transferred to the Operating Budget as well and the effect on the program budget would be the same.

Responding to Councilmember Chelminiak, Mr. Terry explained that the initial designation of LTE positions is typically based on the expectation that the position will likely be needed for a limited period of time.

Responding to Mayor Degginger, Mr. Terry said a number of staffing alternatives are studied when filling a need, and the LTE option has been determined to be the most cost-effective in many cases.

Councilmember Chelminiak commented on his frustration with the funding of staffing positions in the capital budget.

Mayor Degginger suggested that the Council return next week prepared to make decisions regarding the staffing requests and the method by which they are funded.

Councilmember Noble concurred with Mr. Degginger that it is time for the Council to reach a consensus on specific proposals. Mr. Noble noted that the Council previously approved the LTE positions, and Council now has the opportunity to decide whether to continue the positions and programs.

Councilmember Lee feels that the limited term employee (LTE) designation should be used only for positions that are not expected to continue beyond the initial term.

Mayor Degginger reviewed the key staffing requests of concern to the Council which include the funding of consultants for the proposed transit study, the conversion of LTE positions to FTE status (e.g., Neighborhood Outreach Coordinator, Art Program Coordinator), increased staffing for the ITS signal system upgrade, and a new staff position for the Pedestrian and Bicycle safety program.

Dr. Davidson suggested deferring decisions on the proposed staffing until next week.

Ms. Bonincontri noted the two broad decisions before the Council which are whether to fund the requested FTE positions and whether staff funding should be in the capital budget or operating budget.

Mr. Degginger reviewed the key issues as:

- Should Council fund the Transit Implementation Strategy?
- How many FTEs should be approved for the ITS signal system upgrade project?
- Could the Pedestrian and Bicycle safety program work be performed by an existing staff position? If funded, should it come from the capital budget or operating budget?
- Should the Neighborhood Outreach Coordinator position be converted from an LTE to FTE status? Should additional funding be allocated for expanded neighborhood community building activities?
- Should the Art Program Coordinator position be converted from a LTE to FTE? And if so, should the funding be placed in the capital budget or operating budget?

Ms. Cramer provided an overview of the IT Systems & Business Process Analyst positions, which are required for the management and coordination of ongoing maintenance and upgrades

to the Enterprise Resource Planning (ERP) Finance and Human Resources system. She provided additional details on the IT business analyst position involved in this work.

Ms. Hawn described the ERP business analyst position in the Finance Department, which is involved with integrating all of the business processes (e.g., citywide training, citywide reporting, automated workflow for accounts payable, tax system).

Councilmember Lee expressed support for the positions to staff the ERP system on an ongoing basis, as this is a foundational system for the overall organization.

(c) Long-Range Capital Funding Strategy

Mr. Sarkozy noted Council's ongoing discussions regarding the long-range capital finance plan.

Mr. Terry reviewed the list of transportation projects identified for long-range capital funding, noting that the project priorities and sequencing have been modified. He reminded the Council of the unfunded project list to date, and noted that new CIP proposals will emerge over the coming years as well. The overall funding scenario has been revised by deferring construction of NE 6th Street and 124th Avenue NE, and through property tax increases over eight years. The September 15 estimate did not include property tax increases as a revenue source.

Mr. Terry responded to questions of clarification.

Utilities Director Denny Vidmar reviewed estimated utility rate increases associated with redevelopment of the Bel-Red corridor, including stream restoration and storm water drainage activities. Cost recovery mechanisms include the collection of connection charges. Mr. Vidmar explained that the infrastructure could be funded through a citywide rate increase, or through a hybrid approach of two different rate levels for the Bel-Red area and citywide.

Mr. Sparrman reviewed cost estimates for neighborhood sidewalk projects. He reviewed priority bicycle corridors, including both funded and unfunded projects.

Responding to Mayor Degginger, Mr. Sparrman confirmed that the three funded bicycle route segments range in cost from \$700,000 to \$1 million.

Mr. Sparrman noted the letter from the BDA and Chamber of Commerce requesting an analysis of Bellevue Way. He recalled that Bellevue Way options were analyzed in the draft environmental impact statement (EIS) at the time that the Downtown Implementation Plan (DIP) was updated. None of the options studied, however, were incorporated into the preferred alternative studied in the Final EIS (FEIS) based on Council direction.

Ms. Hawn reviewed the Supplemental CIP Plan that was initiated during the 2007-2008 Budget process to address the backlog of high priority capital projects. She recalled that \$14 million in bonds were issued in January 2008, and she reviewed future estimated CIP revenues. Ms. Hawn noted that \$16 million remains unallocated in the Supplemental CIP.

Mayor Degginger noted the need for Council to determine which projects it would like to fund and to identify the appropriate revenue sources.

Dr. Davidson suggested scheduling extra meetings to address the Budget and Long-Range Funding Strategy.

Mayor Degginger noted the difficulty of coordinating everyone's schedules for additional meetings. However, he asked Council to bring possible dates next week for consideration.

At 10:57 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich
City Clerk

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