

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

November 16, 2015
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Wallace called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss one item of potential litigation.

The meeting resumed at 6:50 p.m., with Mayor Balducci presiding.

2. Study Session

- (a) Land Use Code Amendment – Sound Transit Operations and Maintenance Satellite Facility (OMSF)

City Manager Brad Miyake introduced discussion regarding the proposed Land Use Code Amendment (LUCA) allowing the Sound Transit Operations and Maintenance Satellite Facility (OMSF) to be permitted through the approval of a Master Development Plan and a related design review process. The LUCA is intended to clarify the permit process and substantive code requirements applicable to the OMSF.

Land Use Director Carol Helland said staff is seeking Council direction about whether to initiate the Land Use Code Amendment (LUCA) contemplated in the 2015 Memorandum of Understanding (MOU), and whether the Council will hold the required public hearing or direct the Planning Commission to do so. Under the MOU, the City agreed to initiate a code amendment upon one of the following triggers: 1) within 30 days of the Sound Transit Board selecting a site for the OMSF in Bellevue, and 2) incorporation of the design elements from Section 20.2 of the MOU into the OMSF project. Sound Transit selected a site in the BelRed area on October 22.

Monica Buck, Assistant City Attorney, recalled the design elements and additional mitigation negotiated for the MOU. The design was modified to maximize future transit-oriented development (TOD) and to integrate with the surrounding architecture and future TOD design. Additional elements include an interim trail along the Eastside Rail Corridor, pedestrian-bike connections from that trail to 120th Avenue NE, noise mitigation under BCC 9.18, and a commitment from Sound Transit to not expand the boundaries or number of rail cars at the OMSF or to site additional bus storage or maintenance in Bellevue.

Ms. Buck said those design elements have been included in the Final Environmental Impact Statement (FEIS) for the OMSF. The federal Record of Decision references section 20 of the MOU and the design elements consistent with the Bel-Red Subarea Plan. The City will be involved in the design-build procurement process to ensure inclusion of the design elements. One LUCA provision states that the OMSF can only be permitted through a streamlined process if the design elements contained within Section 20.2 of the MOU have been included in the OMSF permit applications.

Ms. Helland noted that the information presented by Ms. Buck is included in Attachment C of the meeting packet materials. Ms. Helland said the LUCA streamlines the permit review process. Without the LUCA, the OMSF is classified as an Essential Public Facility and is subject to the Process I Conditional Use Permit (CUP) process. Under the LUCA, the OMSF is classified as a transportation use subject to Process II review and requiring a Master Development plan and design review.

Ms. Helland summarized the elements of the LUCA. It adds new definitions, includes the OMSF in the Land Use Charts, allows Process II review of the OMSF if application requirements are met, requires Process I (CUP) if application requirements are not met, and requires conformance to development requirements tailored to the OMSF.

Ms. Helland highlighted the schedule for the review and adoption of the LUCA and noted that it is also in the meeting packet. The next step is to initiate the State Environmental Policy Act (SEPA) review and to provide public notice in the Weekly Permit Bulletin.

Mayor Balducci said the action for consideration by the Council is to initiate the LUCA and to schedule the required public hearing.

Referring to section 25.D.105 of the draft LUCA, Councilmember Robertson questioned whether any performance standards are excluded from list in terms of provisions that would apply to any other development. Ms. Helland said the LUCA is more specific about landscaping and setback requirements but they are not less stringent than the requirements for any other project.

Ms. Robertson said that section states that the design must be sensitive to the context of the underlying Land Use District. She wondered why “sensitive” was used versus “compliant.” Ms. Helland said that language is in the applicability section and is intended to be consistent with the language referring to context sensitivity in the Light Rail Overlay. Ms. Robertson said she would prefer to use “compliant” unless it cannot be for some reason.

Ms. Robertson said the recycling of solid waste should include organics if that is not already specified.

Councilmember Robertson referred to the administrative modification process which allows modifications if the project cannot comply with context-sensitive requirements. There are criteria for waiving or lessening those standards. One refers to the modification being reasonably necessary to ensure consistency with other related actions approved by the City with respect to the OMSF. Ms. Robertson said she would like to strengthen that language. If the City is going to waive or modify a standard for the project, she wants to make sure that includes a sufficient tradeoff in the form of a public benefit to be provided by Sound Transit.

Responding to Ms. Helland, Mayor Balducci suggested that all of the information in the draft LUCA should be included for consideration in the public hearing. Ms. Helland questioned whether the Council would like another study session discussion before the public hearing.

Councilmember Stokes said he would like another study session discussion before moving forward to the public hearing.

Deputy Mayor Wallace stated his understanding that the intent is to set the Code to give staff the ability to administer it in response to Sound Transit's design for the OMSF. Ms. Helland confirmed that the City will determine whether or not the design meets the standards.

Responding to Mr. Wallace, Ms. Helland said the Council may make suggestions to the draft LUCA. She noted that the MOU provisions match the proposed LUCA. Mr. Wallace said he is interested in seeing how the project will meet the City's noise standards with a rail yard that runs trains essentially all night.

Mr. Wallace referred to a recent news article that Sound Transit's costs are coming in much lower than budgeted including tunnel costs that are 23 percent lower. That portion of the budget in Bellevue is half a billion dollars, resulting in a savings of more than \$100 million. He expressed concern that Sound Transit is proposing new taxes of approximately \$1,000 annually for the average middle-class homeowner. Avoiding that tax increase through Sound Transit's cost savings would be a significant benefit for taxpayers. He would like to look at this opportunity to save money for taxpayers.

Councilmember Chelminiak said he would like to initiate the LUCA and move forward with the required public hearing. He concurred with the suggestions articulated by Deputy Mayor Wallace and Councilmember Robertson. Mr. Chelminiak suggested proceeding as usual, which is to hold the public hearing before further Council discussion. He concurred with Mr. Wallace's concerns about saving the taxpayers money to the extent possible.

→ Councilmember Chelminiak moved to initiate the Operations and Maintenance Satellite Facility LUCA and to plan for the City Council to hold the required public hearing. Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 7-0.

(b) 2015-2016 Mid-Biennium Budget Update

Mr. Miyake introduced the 2015-2016 Mid-Biennium Budget Update and noted that the discussion would focus on the operating budget. Council adoption of the Update is scheduled for December 7.

Finance Director Jan Hawn said the Mid-Biennium Budget Update includes limited changes for key operating funds, a recommendation to restore Police bike patrols, a one-percent property tax increase related to the addition of fire fighters, and adjustments to development services fees. Ms. Hawn said last year was the first time the Council used banked property tax capacity to fund operational expenses. An additional study session discussion and public hearing are scheduled for November 23, and Council action on the Budget is scheduled for December 7.

Assistant Finance Director Toni Rezab said the majority of Mid-Biennium Budget changes are in the General Fund. Cost-neutral adjustments, already funded through designated revenues or ongoing expenditures reductions, include Neighborhood Enhancement Program (NEP) management, an increase in Police Department flagging, Fire Department training and customer service, Fire personnel lateral training academy, and 8.09 full-time employees. Additions to the General Fund include parking monitoring at City Hall through 2016 (\$116,000) and restoring the Police bike patrol program with five full-time officers (\$680,000).

Police Chief Steve Mylett said he heard questions about the bike patrols when he was going through interviews for this job, and he continues to hear interest from the community. He recalled the need to eliminate the positions in the past due to budget constraints. The benefits of Police bike patrols include high visibility at street level, enhancing public confidence, crowd control, community education, and the ability to access areas that vehicles cannot including trails. Chief Mylett said most mid-sized Police Departments have bike patrols because they are such a versatile tool for public safety.

Mayor Balducci said the Council did not like having to eliminate the bike patrols due to decreased revenues. She thanked Chief Mylett for the proposal.

Continuing, Ms. Rezab presented the November 16 General Fund Forecast, which includes the proposed addition of the bike patrol program. Revenues are forecast to be higher than expenditures until 2018, when the effect of provisions in the Affordable Care Act is not clear. She highlighted minor technical updates for a number of funds.

Responding to Councilmember Chelminiak, Ms. Rezab said the green roof grant was originally appropriated in the Operating Grants Fund and will be moved to the Facilities Fund. The 1.0 FTE position in the Facilities Fund is for painting, re-lamping, and other maintenance work. She said this will save the City money compared to what is currently spent through contractors.

Mayor Balducci noted that arts program allocations have not been changed for more than 10 years. She suggested that the City consider increasing the annual allocations, at least for

organizations that are funded on an ongoing basis, to prevent a net loss in funding levels for the organizations receiving grants.

Moving on, Ms. Rezab said the Capital Investment Program (CIP) revenue adjustments include updated Sales tax and Business and Occupation tax projections, Real Estate Excise Tax (REET) projections for 2015, contributions from other funds (i.e., Grant Fund and Right-of-Way Lease permits), utility franchise relocation fees, and interlocal contributions. Technical updates are included for bonds, the NE 6th Street project, and 2014 budget carry-forwards. Ms. Rezab said the Mid-Biennium Budget Update addresses financial pressures from the increasing cost of property and potential relocations.

Ms. Rezab recalled previous Council questions regarding Sound Transit adjustments related to 120th Avenue Stage 4 design and East Link light rail project staffing through 2021. She said these items are addressed in the attachment on PW-R-159.

Deputy Mayor Wallace noted a proposal to allocate approximately \$1.5 million in the out years of the CIP Plan for the East Link project. He recalled that there was a \$500,000 line item in the MOU for public outreach. Deputy City Manager Kate Berens said the final Amended MOU indicated that the City would cover those costs. Sound Transit will conduct its traditional public outreach, and the City will cover the cost of an enhanced public communications effort.

Mr. Wallace said his perspective is that if an item is a City function (e.g., land use planning) and/or an obligation identified in the Amended MOU, the City should pay for it. However, he observed there are additional items in the budget related to the light rail project that were not addressed in the MOU. He said those are the types of items that would typically be covered by any other developer.

Responding to Mr. Wallace, Ms. Berens said the new TOD costs are related to the 130th Avenue property and TOD on the OMSF site. Under the Amended MOU, the City agreed to certain provisions including the transfer of the 130th Avenue project to the City. The City anticipates it will need staff and consultant resources to plan the TOD portion, while Sound Transit will pay the normal permit fees for OMSF permits. Coordination with Sound Transit is anticipated for the TOD project, including collaborating on the market study to guide the development, infrastructure, and amenities. The goal is that the TOD site will be largely completed by the time the 120th Avenue NE station in the BelRed corridor opens. Deputy Mayor Wallace questioned whether it would be possible to itemize the TOD-related activities as a separate CIP project, and staff said that can be done.

Mr. Wallace questioned the \$100,000 annual allocation for the construction management and engineering support item. Mr. Berg said most of the monies for East Link staffing are intended to cover consultant assistance (e.g., noise mitigation, construction expertise). Mr. Wallace said he did not understand why Sound Transit should not pay for those costs. Transportation Director Berg said that, if Sound Transit's construction contractor has a proposal that affects City facilities, the City might want to hire a consultant to assess whether that is beneficial or whether there is an alternate solution.

Deputy Mayor Wallace observed that work on City roads or identified in the Amended MOU would be appropriate for the City to cover. Responding to Mr. Wallace, Ms. Berens confirmed that Sound Transit is paying the cost of City staff review for land use charges. However, Ms. Berens said this work would go beyond what the City could require from a code perspective. As the permitting authority, the City cannot force an applicant to look at alternatives. However, as a property owner, the City can negotiate alternatives with Sound Transit. Ms. Berens said the traditional permit, land use, and technical code reviews are covered by the Amended MOU.

Deputy Mayor Wallace said he wants to ensure that the MOU does not represent the City issuing essentially a blank check for anything that might happen in the future. He observed that there are items in the City's budget that perhaps Sound Transit should fund.

Mr. Wallace requested, for the next discussion, a list of the proposed FTE staff positions (e.g., project engineers, Fire Captain). He questioned whether the Fire Captain is solely related to the light rail project. If that is a mitigation requirement for the light rail permit, Mr. Wallace suggested it should be funded by Sound Transit.

Ms. Berens said staff will come back with more details about each of the FTEs and how they were addressed in the MOU, if at all, as well as information on whether there is a code or other ability of the City to seek reimbursement from Sound Transit.

Mayor Balducci noted that Sound Transit established its baseline budget for the East Link project based on the MOU negotiations and related agreements. She believes that most of the financial arrangements were assumed to have been handled by the MOU.

Councilmember Lee said he shared Mr. Wallace's concerns about the light rail costs.

Councilmember Stokes said he appreciated Mr. Wallace's questions. Mr. Stokes expressed an interest in knowing how the FTE positions will benefit Bellevue. He said he supports pursuing additional cost sharing with Sound Transit, if appropriate, and he is interested in more discussion on this issue.

Responding to Councilmember Robertson, Ms. Berens said the budget does not include all East Link-related items for 2016. Ms. Rezab said the 2016 budget does not include the 120th Avenue Stage 4 project as well as \$425,000 in items that have not been appropriated. Ms. Robertson suggested allocating what is needed for 2016 and placing remaining funds for the out-years in the Council Contingency Fund until next year's two-year budget process.

Ms. Robertson noted her support for parking on NE 1st Street, and Councilmember Stokes concurred.

Councilmember Chelminiak observed that light rail is coming, which provides the opportunity for the Council to advance policy within the City. Any project of this type has potential threats, including interfering with the ability for other development to occur. He expressed support for budgeting funds for public outreach and to advance the concept of "Bellevue is open for business" during construction.

Ms. Rezab said the public hearing is scheduled for November 23, and adoption of the Budget Update is scheduled for December 7.

(c) Electrical Reliability Study Implementation

City Manager Miyake introduced the update on the Electrical Reliability Study implementation. He said staff is seeking Council direction about whether it would like to allocate funds in the Mid-Biennium Budget Update to address additional items related to the study.

Mayor Balducci recalled the history of the Electrical Reliability Study. Certain items in the resulting report applied to Puget Sound Energy (PSE) and some of the items applied more to the City. She requested tonight's status report to identify items that have not been completed and to discuss what is needed to complete them.

Nicholas Matz, Senior Planner, said staff is requesting Council direction regarding potential new resources and/or new agreements with PSE. He said the purpose of the ERS was to become a better informed stakeholder working with PSE. The Growth Management Act requires that utilities serving the City document their proposed facilities and the City align its projected growth with adequate utilities infrastructure. Mr. Matz said the City amended its Comprehensive Plan Utilities Element during the past 10 years to add new policies on electrical facilities. The Land Use Code was subsequently amended to codify the regulatory intent related to electrical reliability. Mr. Matz said the 2015 Comprehensive Plan Update revised the City's underground distribution policies to address the visual and financing aspects of electrical facilities.

Mr. Matz presented the five key questions/objectives addressed by the Electrical Reliability Study and the items recommended for implementation: 1) conduct joint reliability workshops and joint planning meetings with PSE, 2) address community communications and emergency operations between the City and PSE, 3) seek opportunities for the future undergrounding of utilities, 4) remain active in PSE's Integrated Resource Plan (IRP) process, 5) comment and participate in various programs submitted to the Washington Utilities and Transportation Commission (WUTC), 6) review the overall PSE plan for its Smart Grid technology projects, 7) lead the energy efficiency effort, 8) utilize reliability performance and improvement metrics, and 9) monitor PSE's progress with regard to its system modernization and Smart Grid strategy.

Mr. Matz said the City and PSE have conducted joint meetings and workshops during the past four years, coordinated communications efforts, and participated in the IRP process. City staff have become more involved in learning about the WUTC and about PSE's Smart Grid initiative. The City has been leading the energy efficiency effort through its Environmental Stewardship Initiative and the implementation of the resulting 2013-2018 Plan.

Mr. Matz said the implementation process should monitor whether the Electrical Reliability Study's objectives are being met. Staff is seeking direction on whether additional resources and new agreements with PSE would advance the implementation of the study's recommendations.

Mayor Balducci said the remaining presentation and discussion of this agenda item would be taken up under the City Manager's Report during the Regular Session.

At 7:59 p.m., Mayor Balducci declared recess to the Regular Session.

Charmaine Arredondo
Acting City Clerk

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