

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

May 15, 2006
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Chelminiak, and Councilmembers Balducci, Davidson, Marshall, and Noble

ABSENT: Councilmember Lee

1. Executive Session

There was no Executive Session.

2. Public Dedication of City Hall (6:00 – 6:30 p.m.)

3. Study Session

The meeting was called to order at 6:30 p.m. by Mayor Degginger, who presided.

(a) Regional Issues [*Rescheduled from May 22 due to budget workshop.*]

City Manager Steve Sarkozy introduced the regional topics for tonight's discussion.

(1) PSRC Vision 2020+20 Draft Interest Statement

Diane Carlson, Director of Intergovernmental Relations, recalled discussion with Council during the April 24 Extended Study Session to review and refine the interest statement on the Puget Sound Regional Council (PSRC) Vision 2020+20 Plan.

Mayor Degginger noted Council consensus to proceed with the final draft of the interest statement.

(2) King County Public Hospital District #1 Update

Ms. Carlson recalled that also discussed during the April 24 Council meeting was the issue of some Bellevue residents who live in King County Public Hospital District #1. Resolution No. 7363, expressing the City Council's support for withdrawing territory within Bellevue from the area of PHD #1, is included on the Consent Calendar of the Regular Session agenda [Item 8(h)] tonight. Ms. Carlson requested feedback on the draft letter in Council's desk packet to be sent with the resolution to the district Board of Commissioners.

Deputy Mayor Chelminiak expressed support for the letter. He feels other cities are interested in encouraging a legislative solution as well. There is increasing concern among some citizens about taxes collected for special purpose districts. Mr. Chelminiak clarified that in this situation, Bellevue residents within the boundary of PHD #1 are paying a tax and receiving no services. The overwhelming majority of Bellevue residents receiving emergency medical treatment are transported to Overlake Hospital Medical Center.

(3) King County Metro *Transit Now* Proposal

Ms. Carlson opened discussion of a proposal by King County Executive Ron Sims for a sales tax increase to expand Metro transit services over the next 10 years.

Bernard van de Kamp, Transportation Regional Projects Manager, recalled that Council adopted the updated Bellevue Transit Plan in June 2003. Bellevue ridership has increased significantly since 2002, with Factoria ridership up by 75 percent and downtown ridership up by 70 percent. Daily boardings in Bellevue have increased an average of 23 percent during the past year, with a 48 percent increase in the downtown.

Staff expects ridership to continue to increase. However, resources to fund additional bus service are relatively flat for the foreseeable future. In response to the need for funding, King County is conducting the Central Eastside Transit Study to review existing routes and service plans and reconfigure routes to enhance service within existing resources. A proposed new initiative to expand overall services, Transit Now, was recently released by Executive Sims.

Jim Jacobson, King County Metro, reviewed the benefits of Metro transit service: 1) Mobility, 2) Congestion relief, 3) Environmental protection, and 4) Enable development patterns that are consistent with the state Growth Management Act. The Transit Now initiative is designed to: 1) Improve connections between activity centers throughout King County, 2) Mitigate traffic congestion generated by roadway construction projects, 3) Implement expanded service quickly, and 4) Add peak and all-day capacity to major corridors.

Mr. Jacobson explained that projected employment growth exceeds transit growth available with current revenue projections. The Transit Now proposal will enable Metro to keep pace with employment growth. It would begin phasing in new transit service in 2007. The proposal would implement a 20 percent increase in bus service over the next 10 years representing potentially 700,000 added hours of bus service, 21 million more rides annually, and 200 more buses. The proposal imposes a sales tax increase of 0.1 percent, which is estimated to generate \$50 million in transit revenues annually, costing the average household \$25 per year in sales tax.

The Transit Now proposal covers four key areas of transit service improvements:

- Five corridors of bus rapid transit (RapidRide) including one between Bellevue and Redmond,
- Enhancement and expansion of high ridership routes,
- New peak service or addition of midday service to developing areas, and
- Service partnerships with employers, local governments, and others.

Bus rapid transit provides frequent service, quicker and more reliable travel times, posting of accurate wait times at bus stops, improved bus stops and shelters, and hybrid buses with a distinctive look. Metro is interested in partnerships to serve rapidly expanding employment centers. The plan also expands the vanpool fleet and Access paratransit/shuttle service.

David Hull, King County Metro, described Metro's review of Eastside service and routes. A mailing was sent to 8,000 individuals to generate feedback and suggestions for improvements. A sounding board was created as well to discuss transit services. Mr. Hull said the deadline for submitting public comments is the end of this week. He explained that recommendations resulting from this review will be subject to approval of the King County Council over the next few years under the existing revenue stream.

Councilmember Marshall recalled a 0.2 percent sales tax increase in the past that promised 575,000 new hours, which was then reduced to 110,000 new hours and ultimately produced 52,000 new service hours. She questioned whether the Transit Now proposal is realistic in its estimate of service hours to be added.

Mr. Jacobson said the previous sales tax increase funded both capital and operating expenditures, with a heavier emphasis on capital projects. The Transit Now proposal is primarily focused on service and bus improvements except for a small portion designated for BRT-related capital improvements.

Mrs. Marshall asked if King County Metro could provide: 1) A budget report of actual expenditures over the past few years, and 2) A budget proposal for the Transit Now initiative identifying specific routes and service improvements. Mr. Jacobson said more detailed information will become available as staff refines its proposal for presentation to the King County Council.

Responding to Mrs. Marshall, Mr. Jacobson said transit service improvements will be allocated according to the 40/40/20 policy, except for approximately 15 percent that will be designated to partnerships.

Mrs. Marshall said demonstration projects have been allowed as exceptions to the 40/40/20 funding rule including Seattle's water taxi that has been a demonstration project for more than seven years. She questioned when this project will be figured into Seattle's transit service allocation. Mrs. Marshall said Bellevue would like a downtown circulator service as a demonstration project.

Mr. Jacobson said the Regional Transit Committee has scheduled as a discussion item this year the water-borne transit study completed last year. The committee will review alternatives for continued funding of the water taxi. Mrs. Marshall questioned whether this item will be addressed before the November vote on the Transit Now proposal. Mr. Jacobson did not know the RTC's specific schedule.

Councilmember Noble reported that Mr. Hull recently provided a presentation to the Eastside Transportation Partnership. Mr. Noble said ETP members are wondering whether a November

ballot measure for the Transit Now proposal will affect future Sound Transit Phase 2 and RTID (Regional Transportation Investment District) ballot measures.

Mr. Jacobson said RTID discussions have addressed the potential for providing partial transit funding with no clear consensus on the issue. A survey of citizens indicated that only 11 percent said approval of transit funding would affect their approval of future transportation funding proposals.

Mr. Noble expressed concern that funding for partnerships will reduce funding according to the 40/40/20 policy. Mr. Jacobson said Metro policies also dictate the creation of partnerships. As an example, the University of Washington was a partner in contributing substantial funds to improve bus service to the campus and provide bus passes. Microsoft contributed funding in the past to expand bus service from Seattle to the Microsoft campus. Local governments have the option of imposing a parking tax and using the money for transit services.

Responding to Mr. Noble, Mr. Jacobson said the implementation of bus rapid transit in Los Angeles significantly increased ridership.

Councilmember Balducci requested information about specific route and service improvements targeted in the Transit Now proposal. Mr. Jacobson said more detailed information is available and will be provided to Bellevue.

Ms. Balducci shares Mrs. Marshall's concerns about whether the 40/40/20 policy adequately guides funding allocations, particularly when certain projects are not considered as part of an area's share of transit funding. Ms. Balducci encouraged better bus service to reduce the need for transfers within Bellevue.

Responding to Mr. Chelminiak, Mr. Jacobson explained that significant service improvements can be gained by the Transit Now proposal because the money will be spent primarily on operations, except for a smaller expenditure on new buses. Past proposals have had a larger portion of capital projects.

Dr. Davidson feels a local circulator system within Bellevue, to connect people to the Transit Center, would provide improved frequency of service and increase ridership. Mr. Jacobson said a concern with that type of system is the low ridership on the circulator system.

Dr. Davidson noted that Metro collects \$46 million in sales tax from Bellevue, which he feels warrants service enhancements such as a local circulator system.

Mayor Degginger is pleased with the increased ridership reported by Mr. van de Kamp at the beginning of the presentation. Mr. Degginger noted the Eastside represents 35 percent of the county and receives 17 percent of Metro's services. The Eastside has been promised service capacity in the past that has not yet been implemented. Mr. Degginger is concerned that 15 percent of funding within the Transit Now proposal is designated for partnerships serving a limited population. He opposes extended pilot projects such as the water taxi in Seattle, which is not a significant transit service. Mayor Degginger urged Metro to eliminate partnerships from the proposal and to focus on achieving the 40/40/20 allocation of transit services.

(b) First Quarter 2006 Budget Monitoring Report

Finance Director Jan Hawn provided the First Quarter 2006 Budget Monitoring Report. The regional economy continues to improve and is expected to outpace national growth for the next two years. Nationally unemployment fell from 4.9 percent in December to 4.7 percent in March. Puget Sound unemployment hit a six-year low of 4.2 percent in March. Office vacancy rates continue to decline. Downtown Bellevue's office vacancy rate was 9.2 percent for the first quarter.

Within the General Fund, first quarter sales tax collections were four percent higher than the first quarter of 2005. B&O tax collections were seven percent higher than the same quarter last year. Utility tax revenues are on budget and expenditures are one percent under budget.

In CIP Funds, resources are expected to be \$1.4 million (3 percent) under budget. The year's beginning fund balance was \$600,000 higher than anticipated. Sales tax, B&O tax, and REET tax collections are projected to be \$2.2 million over budget for the quarter. However, intergovernmental revenues are expected to be about \$2.5 million under budget. Other revenues are down by approximately \$1.7 million due to the delay in selling Fire Station 3. Expenditures are expected to be \$49.4 million, which is \$4.5 million (8 percent) under budget.

Utilities Operating Funds began the year with a fund balance that was \$4.8 million (26 percent) higher than anticipated. Revenues and expenditures are expected to be in line with the budget. Utilities CIP Fund revenues are expected to be at budget, and expenditures are expected to be \$10.9 million (91 percent of budget) due to drainage projects completed under budget.

Ms. Hawn said the 2006 outlook anticipates continued economic recovery, departmental expenditures that are under budget, and continued monitoring of fuel and energy costs.

Acknowledging that the City uses some hybrid vehicles, Mr. Noble asked if staff have considered converting to biodiesel or other innovative vehicle technologies. Mr. Sarkozy said staff is exploring these alternatives and information can be provided to Council in the future.

At 7:35 p.m., Mayor Degginger announced recess to the Regular Session.

Myrna L. Basich
City Clerk

/kaw