

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

November 6, 2006  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

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

The meeting resumed at approximately 6:32 p.m. with Mayor Degginger presiding.

2. Study Session

(a) Welcome of Kladno Sister City Delegate Ilona Binhackova

Greg Schrader, Bellevue Sister City Association, introduced Ilona Binhackova, a staff exchange participant from the City of Kladno in the Czech Republic.

Ms. Binhackova thanked the Council and staff for the opportunity to visit and learn about the City of Bellevue. She noted that Kladno's mayor was recently reelected and he looks forward to a continued relationship with Bellevue. She has enjoyed her time here and getting to know people and our way of life.

Mayor Degginger said he and Councilmember Balducci enjoyed their trip last year to Kladno, Prague, and the surrounding countryside. He noted it is a beautiful city and they were lucky to have great weather. Mr. Degginger presented a gift to Ms. Binhackova.

(b) 2007-2013 Capital Investment Program (CIP) Budget Discussion

Finance Director Jan Hawn opened the presentation regarding the 2007-2013 Capital Investment Program (CIP) Plan. The final public hearing on the 2007-2008 Budget and 2007-2013 CIP Plan will be held on November 13. The Utilities Department will also present its proposed budget on the 13<sup>th</sup>. An additional budget discussion is scheduled for November 27, and budget adoption is scheduled for December 4.

The proposed capital budget is consistent with previous Council direction and long-term planning efforts. It includes projects from adopted plans as well as Board and Commission recommendations. The total CIP Plan is \$340 million, including the General CIP Plan of \$261 million. General CIP money is allocated as follows: 1) Ongoing programs (32 percent), 2) Existing projects (23 percent), 3) New projects (20 percent), 4) Maintenance and operations (18 percent), and 5) New City Hall debt (7 percent). The CIP Plan addresses transportation demands, investments in the downtown and the parks system, and 40 new or enhanced projects. It provides major investments in West Lake Sammamish Parkway, Northup Way, and Mercer Slough Environmental Education Center. However, additional substantial funds are needed for each of these projects. Potential investments related to the Bel-Red Corridor Study are not included in the proposed CIP Plan.

Dave Berg, Assistant Director of Transportation, reviewed transportation-related capital budget investments which include both existing projects and new or enhanced projects. Following extensive public involvement, Council adopted an alternative for West Lake Sammamish Parkway improvements in Spring 2005. The budget proposes an investment of \$5 million in the project, which leaves an unfunded portion of \$25-30 million. The \$5 million will complete a survey and preliminary design for the whole corridor as well as final design and implementation of the first phase. This work would be started in 2009 and completed in 2012. With Council approval, staff will pursue a Public Works Trust Fund loan to supplement funding.

Mr. Berg reviewed the 145<sup>th</sup> Place SE and SE 22<sup>nd</sup> Street project, which were identified as high-priority projects in the West Lake Hills Neighborhood Investment Strategy process. Phase 1 (SE 8<sup>th</sup> Street to SE 16<sup>th</sup> Street) is under construction, and Phase 2 will extend to SE 24<sup>th</sup> Street and provide bike lanes on SE 22<sup>nd</sup> Street. Total investment for Phase 2 is \$5.3 million. Design work would begin immediately and work would be completed from 2007 to 2010.

Mr. Berg highlighted a sidewalk and bicycle path project in Newport Hills on SE 60<sup>th</sup> Street from Lake Washington Boulevard to Coal Creek Parkway. It completes sidewalks on one side and bike lanes on both sides of the road. The total investment is \$1.7 million and work is to be completed between 2009 and 2011.

Mr. Berg reviewed early implementation of the Bel-Red Corridor Plan. The environmental assessment phase has been initiated. However, additional investments are needed for conceptual studies (NE 16<sup>th</sup> Street Extension; Improvements to 120<sup>th</sup> and 124<sup>th</sup> Avenues NE), property acquisition, and coordination with the City of Redmond Land Use Plan. Total investment is estimated at \$3.5 million and the project schedule is 2007-2010.

Responding to Councilmember Balducci, Mr. Berg said the first phase of the West Lake Sammamish Parkway project (\$5 million) includes a survey of the entire corridor and initial design (10 percent). Through a public process, the highest priority segment for implementation will be identified. In further response, Mr. Berg said total project costs have not been recosted.

Responding to Deputy Mayor Chelminiak, Mr. Berg said staff can provide itemized costs for each part of the project. Mayor Degginger feels it is important to move forward with the project in order to qualify to seek federal funding. Responding to Mr. Degginger, Mr. Berg confirmed that the project will provide environmental benefits for water quality and stormwater runoff as well. Mr. Degginger suggested pursuing state Department of Ecology grants for water quality improvements.

Responding to Councilmember Marshall, Mr. Berg said the projects he is describing are Transportation Commission priorities. He will provide a list of the Commission's additional priorities. Mrs. Marshall stated her strong support for increased funding to accelerate the West Lake Sammamish Parkway project. Responding to Mayor Degginger, Mr. Berg said staff will provide more concrete cost estimates for the three phases of the project.

Mr. Chelminiak noted the demand for sidewalks and bikeways, most recently from the Somerset community, and the relatively small amount of funding for these projects. He encouraged a focus on walkways to schools. Ms. Balducci concurred with Mr. Chelminiak's interest in this area of funding.

Responding to Mayor Degginger, Mr. Berg said the cost of sidewalks has increased substantially due to water detention requirements, the cost of materials, and the topography on which the sidewalk is to be located. Mr. Berg estimated the cost of one block of sidewalk at \$150,000.

Planning and Community Development Director Matt Terry described capital budget investments contained in the Downtown Implementation Plan (DIP). Major projects are the NE 10<sup>th</sup> Street extension, capacity improvements to 110<sup>th</sup> Avenue (NE 4<sup>th</sup> to NE 8<sup>th</sup> Street), NE 2<sup>nd</sup> Street capacity enhancements, and the one-way couplet project for 106<sup>th</sup> and 108<sup>th</sup> Avenues.

Five new or enhanced projects are funded in the CIP Plan. Two Parks projects could add more funding for a total of seven DIP projects. Completed projects are the bus layover long-term plan, wayfinding manual, short-term parking needs, continued acquisition of Meydenbauer Bay property, and a partnership for completion of the Transit Center expansion and Rider Services building. Projects currently funded are:

- One-way couplet pre-design.
- NE 10<sup>th</sup> Street extension.
- Great Streets manual – proposed project.
- Mid-block pedestrian crossings.
- Downtown district guidelines and refinement of urban vision.
- Updated developer incentives.

- 110<sup>th</sup> Avenue widening.

In addition to the NE 2<sup>nd</sup> Street widening and NE 8<sup>th</sup> Street widening, the following are proposed projects for the 2007-2013 CIP Plan:

- DIP Early Implementation – Wayfinding, mid-block pedestrian crossings, Great Streets and themed streets implementation, and pedestrian improvements.
- Metro site purchase option.
- Meydenbauer Bay park connection.
- Additional funding for parks acquisitions and master planning.

Mr. Terry said the City is hopeful that the transportation funding package on the ballot tomorrow passes. It will provide grant match funding to implement a circulator system in downtown Bellevue.

Mr. Terry noted longstanding interest in providing a strong connection between downtown and Meydenbauer Bay Beach Park. The City feels it can influence the way private development along this route occurs in order to provide pedestrian connections to the marina and park. The CIP Plan proposal allows a land use analysis to coordinate with Marina Park master planning and a complete environmental assessment. The project will establish Bellevue as a waterfront city, recognize the bay's historical significance, and provide opportunities for private-sector involvement.

Mr. Terry described the Public Art Program. The proposed CIP Plan adds \$100,000 per year to the program. There is currently approximately \$1.8 million through 2013 that has not been committed to specific projects. Of this amount, the Planning Commission has earmarked \$1.4 million for: 1) Continuation of the sculpture exhibit every two years, 2) Continued purchase of items from the sculpture exhibit, 3) Public art project for 140<sup>th</sup> Street, and 4) Staff costs from the CIP Plan. Mr. Terry summarized the current proposal to supplement the remaining \$400,000, if the \$1.4 million plan is approved by Council, with additional \$100,000 annual contributions noted above.

Dr. Davidson expressed concern about funding projects such as the Great Streets manual and the publication of downtown district guidelines within the CIP Plan instead of the operating budget. Mr. Terry said the CIP Plan has historically funded long-range projects.

Responding to Mrs. Marshall, Mr. Swift said the Bellevue Downtown Association has requested \$60 million in DIP investments for the next budget cycle, and \$15 million is funded. In further response, Mr. Terry said the Arts Commission has an additional \$110,000 separate from the Public Arts Program to provide small grants to performing arts and cultural organizations.

Responding to Deputy Mayor Chelminiak, Mr. Terry said the Arts Commission hopes to inspire private development to make investments in art as well. Mr. Terry said he will provide information on the cost of staff, which is less than one FTE (full-time equivalent) position.

Responding to Councilmember Lee, Mr. Terry said funding of the circulator system is dependent on potential Transit Now funding. There is no money available in Bellevue's CIP Plan for the project. Mr. Terry said Sound Transit's light rail project has significant transportation capacity implications for downtown Bellevue. Mr. Lee wants to ensure that DIP investments are compatible with a potential circulator system and other transportation projects covered in this presentation. Mr. Terry said staff understands the need to coordinate the planning of all projects. Mr. Lee encouraged an emphasis on expanding pedestrian activity in the downtown.

Mr. Sarkozy said additional CIP Plan funding could be directed toward a downtown circulator system, depending on what happens with the Transit Now ballot measure. He noted that wayfinding features and mid-block pedestrian crossings will help encourage pedestrian usage.

Responding to Ms. Balducci, Mr. Terry said none of the transportation projects will be completed with available funding with the exception of the NE 10<sup>th</sup> Street extension, which is largely funded by the State. Ms. Balducci noted that pending activities such as the purchase of the Metro site and the development of a downtown circulator system will require additional funds. Mr. Terry confirmed that additional funds are not included in the CIP Plan.

Following up on Ms. Balducci's comments, Mayor Degginger feels it is necessary to be prepared to fund these projects if the opportunities arise. The circulator system has been an ongoing discussion topic for the Council for many years.

Responding to Mr. Degginger, Mr. Terry said staff will provide information regarding the BDA's proposals. They include a strong focus on additional roadway improvements, pedestrian facilities, and parks and open space acquisition.

Mayor Degginger would like the City to focus on improved east-west pedestrian movement in the downtown. He noted the current Pedestrian Corridor is not sufficient to provide an integrated system. Mr. Terry acknowledged the importance of enhanced pedestrian movement. Staff feels the future alignment of light rail will be an important factor in determining the route of a circulator system as well as pedestrian facilities. Mayor Degginger asked staff to prepare a CIP proposal for Council consideration that ties all of these elements together.

Deputy Mayor Chelminiak noted the need for the acquisition of public open space in the northwest quadrant of the downtown before opportunities no longer exist.

Mr. Lee feels the City should respond to the BDA's request to explain which investments are being funded and why.

Moving on, Parks and Community Services Director Patrick Foran reviewed parks and open space capital proposals. The Parks CIP Plan allocates \$13 million to new projects through 2013. Projects are organized by four principles:

- Complete projects in pipeline with significant external funding.
- Property acquisition.

- Enable the next generation of park development.
- Continue to leverage scarce CIP resources.

An additional proposal is to improve City-maintained streetscapes and right-of-way.

There are three projects in the pipeline: 1) Mercer Slough Environmental Education Center, 2) Robinswood Synthetic Sports Field, and 3) Highland Skate Park. A total of \$8.2 million is allocated in the CIP Plan, supplemented by \$3.7 million in external funding. In terms of property acquisition, staff suggests allocating \$4.9 million along with ongoing funding of \$3 million to this area. Approximately 43 percent of recent acquisitions were offset by state and local grants.

Mr. Foran described the challenge grant program, which falls within the category of leveraging existing CIP resources. One component is matching current community partners (Bellevue Youth Theatre, Crossroads water play area, and Bellevue Botanical Garden Visitor Center). The second relates to planning and feasibility analyses for a proposed aquatic facility and indoor athletic complex. The aquatic and athletic facilities will involve tens of millions of dollars and require significant partnerships. Staff would report to Council following the feasibility studies to determine Council's interest in whether to proceed. Resources needed for the three matching community partners is approximately \$12 million, and the CIP Plan provides \$2.5 million.

Mr. Foran said master planning is needed for Meydenbauer Bay, the Eastgate Boeing site, Bellevue Botanical Garden expansion, the Surrey Downs site, and Ashwood Park. Currently \$1.5 million is allocated in the proposed CIP Plan for master planning. Preliminary funding enables the projects to move forward through regulatory and environmental processes, recruit partners needed to accomplish some of the projects, and compete for outside funding.

The last project is a Citywide Streetscape Enhancement program to identify and improve the highest priority areas and to involve community input and volunteers.

Staff distributed a list of unfunded projects and programs previously discussed by Council and identified as priorities. The projects total \$490 million.

At 7:58 p.m., Mayor Degginger declared recess to the Regular Session.

Following the Regular Session, the Study Session resumed at 8:37 p.m.

Dr. Davidson expressed an interest in staff preparing a comparison of alternative Parks bond packages reflecting varying revenue levels and projects that could be accomplished.

Councilmember Noble concurred with the suggestion to begin preparing for a bond measure now. Mr. Lee also supports bond funding to meet demand for parks acquisitions and programs.

Responding to Mr. Chelminiak, Mr. Foran confirmed that the Parks and Community Services Board supports the preliminary budget. Following brief questions of clarification, Mr.

Chelminiak expressed support for a bond measure as well. He feels the City should plan, at the time a capital project is completed, for paying maintenance and operations costs. He agrees with comments Dr. Davidson has made in the past that Council should consider reviewing the policy in which maintenance and operations costs are funded in the CIP Plan rather than from the operating budget.

Ms. Balducci questioned whether it would be appropriate to proceed with a master plan of the Surrey Downs park property when the future of the Surrey Downs District Court facility is unknown. She noted funding for a court facility is not included in the CIP Plan.

Mayor Degginger would like the City to move toward establishing its own court, which includes planning for financing to redevelop the Surrey Downs property.

Moving on, Mr. Sarkozy opened discussion regarding unfunded needs, which requires a comprehensive strategy to address demands. He agrees with the need for additional operating funds to complement the CIP Plan, particularly as downtown Bellevue expands. Approximately 5,000 new downtown residents are anticipated, which equates to the West Lake Sammamish annexation area.

Mr. Sarkozy explained that nearly \$0.5 billion in capital needs are unfunded in the proposed budget. Major areas are mobility and transportation, Downtown Implementation Plan, parks and open space, and maintenance and operations costs. He noted the potential impact of Bel-Red Corridor planning as well. A study commissioned by the Bellevue Downtown Association projects the need for increased City staffing of up to 24 FTEs by 2012.

Mr. Sarkozy said maintenance and operations costs are appropriately allocated within the CIP Plan, and this is one of the reasons the City has maintained a triple A bond rating. However, the City's annual allocation of \$8 million in the CIP Plan for M&O costs limits the implementation of needed projects for the community.

Mr. Sarkozy said ways for addressing the need for more resources include the use of the Council Reserve Fund as well as a number of alternative solutions. Council previously established a policy to set aside extraordinary sales tax collections and the over-collection of REET (Real Estate Excise Tax) from major projects to the Council Reserve. The amount available from this source is approximately \$12 million for 2007 and 2008.

Mr. Sarkozy suggested the creation of the Bellevue Community Fund, a reserve or endowment fund, to be permanently designated to specific uses. While not typically used in government, he feels this represents the opportunity to develop a source of revenue for the City's needs and to avoid a property tax increase. This approach provides a sustainable financing model and is consistent with the City's conservative financing approach to municipal service delivery. Mr. Sarkozy suggested separate endowments of \$2-4 million each in the following areas: 1) Human services, 2) Cultural arts, 3) Environmental stewardship, and 4) Direct project support to high-priority capital needs (e.g., transportation, parks, municipal court, downtown transit).

An alternative funding resource is a parks levy/bond measure. A 2002 bond issue failed by a slim margin of voters. The maintenance and operations levy was approved, but it was dependent upon approval of the capital levy. Mr. Sarkozy noted the handout prioritizing unfunded capital requests based on Council discussion earlier this year. He noted Council's longstanding interest in maintaining property tax rates, which have actually been reduced due to the benefits from development over the past 10 years.

Councilmember Marshall reviewed a partial list of funding requests and desired projects. Instead of proceeding with the scheduled public hearing on the 13<sup>th</sup>, Mrs. Marshall suggested that staff return with a comprehensive plan for addressing some of these needs, as well as more details on the endowment fund concept. Rather than inviting more budget requests at this point, she feels it would be beneficial to present some alternative packages of priorities for feedback from the public. She would like to hear from the public about their priorities and their views on adjusting property tax levels as a possible revenue source.

Councilmember Lee concurred with Mrs. Marshall's position that the Council needs to address the full array of potential budget items over the long term.

Councilmember Balducci recalled Council's workshop in April at the Robinswood House in which Councilmembers expressed an interest in considering options for maintaining the property tax rate vs. continuing to decrease the rate. She had hoped more alternatives would be provided to Council, and to the public, for consideration.

Mayor Degginger recapped some of the key comments of this meeting, including Council's interest in a parks bond measure.

Mr. Sarkozy distributed a handout regarding revenue to be generated by different property tax rates.

Responding to Mr. Degginger, Ms. Hawn briefly clarified bond types.

Staff responded to additional questions of clarification regarding the last handout on property taxes, prioritizing projects, and the future handling of M&O expenses.

Councilmember Noble concurs with the need to consider more funding options now.

Deputy Mayor Chelminiak reminded the public that as property values have increased, Bellevue's property tax rate has been decreasing. He noted that Bellevue's property tax rate is significantly more favorable than surrounding jurisdictions.

Responding to Mayor Degginger, Council agreed to proceed with the public hearing next week. Ms. Balducci asked staff to present before the public hearing the concepts discussed by Council in this meeting in order to provide a context for the public's input.

November 6, 2006 Study Session

At 9:58 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich  
City Clerk

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