

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

September 22, 2014
6:00 p.m.

Conference Room 1E-108
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace, and Councilmembers Chelminiak, Lee, Robertson¹, Robinson, and Stokes

ABSENT: None.

1. Executive Session

Mayor Balducci called the meeting to order at 6:01 p.m. There was no Executive Session.

2. Oral Communications

- (a) Alex Zimmerman, representing StandUP-America, commented on accountability. He recalled that Mayor Balducci asked him in the past to not refer to specific individuals by name during oral communications. However, he believes he should be able to. Mr. Zimmerman opined that the King County Executive and King County Council do not fairly represent women. He said women should not vote for Democrats.
- (b) Carl Vander Hoek, Old Bellevue Merchants Association, asked for the Council's support in exploring a private-public partnership to establish a Local Improvement District (LID) or similar funding mechanism to provide parking for Old Bellevue residents and businesses and for the public using Downtown Park. He provided details regarding the demand for parking facilities and suggested that paid parking would provide a source of income for the City. He said the Old Bellevue Merchants Association has the support of the Bellevue Downtown Association in this proposal. The OBMA is scheduled to meet with Bellevue Rotary, Bellevue Chamber of Commerce, the Downtown Bellevue Residents Association, and others to seek support for additional parking and the potential creation of a LID. Mr. Vander Hoek submitted his comments in writing as well as letters of support and cost estimates for a parking structure.

¹ Councilmember Robertson arrived at 6:24 p.m.

- (c) Randi Brazen expressed support for the Old Bellevue Merchants Association's proposal for a private-public partnership involving a LID or other funding mechanism to add parking for Old Bellevue residents and businesses and for users of Downtown Park. She submitted her comments in writing (i.e., letters from Brazen Sotheby's International Realty and 520 Bar and Grill). She said her realty company relocated to the Crossroads area due to the lack of available parking. Ms. Brazen said their restaurant has lost business due to the difficulty for customers to find parking.
- (d) Sherry Grindeland, Chair of the Parks and Community Services Board, provided an update on a number of activities. She reported that Mayor Balducci and Councilmembers Lee and Robinson attended the EZ Skate for the Cure fundraiser. Ms. Grindeland said she and Councilmember Robinson attended an event earlier in the day at the Crossroads Spray Park. Chair Grindeland said the Parks Board held its annual retreat on Saturday, which also was attended by Councilmember Robinson. Ms. Grindeland said the Board loves Downtown Park and understands the need for more parking in that area.

[Councilmember Robertson joined the meeting.]

- (e) Dennis True, owner of Old & Elegant Distributing in Old Bellevue, said he was a startup company in 1965. He spoke to the need for employee and customer parking in Old Bellevue, and noted that employees are using parking that would otherwise be available for customers. He suggested an 80-car garage one-half block south of Old Bellevue next to Wildwood Park.
- (f) Glen Buhlmann, a Kirkland resident, spoke regarding the 116th Avenue NE restriping project that was recently covered in the news. He expressed support for the proposed bike lanes and described how they connect to other bicycle routes. He observed that existing traffic volumes do not warrant two northbound lanes. He said adding bike lanes would prevent bikes from slowing down vehicle lanes, as is currently the case.
- (g) Lyndon Heywood expressed support for bicycle improvements to the Lake Hills Connector. He observed that Bellevue is not as supportive of bike facilities as the cities of Kirkland, Redmond and Seattle. He encouraged the City to use less expensive options for bike lanes such as restriping. He would like to see an official way for cyclists to communicate with the City of Bellevue (i.e., through a committee and/or staff person). He asked the Council to review the Pedestrian-Bicycle Plan and to complete the wayfinding project that began approximately 18 months ago.
- (h) Dan Prevette said his father owns a few rental homes in Bellevue. He noted the City's new regulation allowing four unrelated persons to live together in a home. He asked the City to consider an exception for large properties (e.g., one acre) to allow more individual renters.

Mayor Balducci suggested that the speaker provide his contact information to staff if he would like to be notified before the issue comes back to the Council this fall. She said the Planning

Commission is currently discussing the temporary regulations and developing a recommendation for permanent regulations for Council consideration.

3. Study Session

(a) International Walk to School Day

John Murphy, Assistant Transportation Planner, said he has been working with a number of PTAs to organize International Walk to School Day on October 8. Seven elementary schools have committed to participating. He thanked volunteers from Phantom Lake Elementary and Ardmore Elementary who were present in the audience.

Mayor Balducci read the proclamation declaring October 8 as International Walk to School Day in Bellevue. The volunteers accepted the proclamation and thanked the Council for its support. Mayor Balducci thanked them and the other volunteers who coordinated this special day.

(b) Council Business and New Initiatives

There was no discussion.

(c) Mini-Consent Item: Resolution No. 8803 authorizing execution of an agreement with ShareSquared Inc., in an amount not to exceed \$179,793 to provide technical services and tools to plan and complete the migration of existing Oracle Enterprise Content Management (ECM) and functionality to SharePoint and provide formal recommendations to ensure the scalability of SharePoint for future content growth.

→ Deputy Mayor Wallace moved to approve Resolution No. 8803, and Councilmember Stokes seconded the motion.

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

(d) East Link Project Update

City Manager Brad Miyake introduced the East Link light rail project update. The presentation will cover project permitting, traffic management during construction, and the Operations and Maintenance Satellite Facility (OMSF).

Transportation Director Dave Berg introduced Kate March, East Link Outreach and Community Information Lead, and Maher Welaye, Engineering Lead.

Mr. Berg highlighted the estimated schedule and key milestone dates. Sound Transit recently held its Bel-Red final design open house, and the South Bellevue final design open house will be held in November. The Downtown final design open house will be held second quarter 2015, and the Overlake-Redmond final design open house is slated for fourth quarter 2015. Utility relocations are anticipated to begin in 2015. Construction will begin in 2016.

Mr. Berg said Sound Transit has submitted the following permits: Shoreline Substantial Development, Shoreline Variance, Bel-Red Design and Mitigation, and South Bellevue Design and Mitigation. The Light Rail Permitting Citizen Advisory Committee is working its way through the latter two permits. The final advisory document for the Bel-Red permit is nearly completed. The final advisory document for South Bellevue is anticipated in late 2014 or early 2015. Downtown, East Main, and 120th Station permits will be submitted later this year.

Mr. Berg said staff has been working with Sound Transit, community groups and organizations regarding traffic management during construction. These include the Bellevue Downtown Association, Bellevue Chamber of Commerce, Kemper Development Company, Meydenbauer Center and others.

Ms. March said residents and businesses are concerned about construction impacts related to the light rail project. However, they are pleased to be involved in these early discussions and are actively engaged in developing strategies and communications.

Responding to Mayor Balducci, Ms. March said Sound Transit has been involved in some of the meetings. Mayor Balducci said it is important for Sound Transit to hear the concerns in order for both agencies to best manage traffic challenges.

Mr. Berg said there will inevitably be changes to the traffic management plan to be presented tonight, not only due to the East Link project but also other City and private development projects.

Mr. Welaye described the preliminary traffic management plans for each segment of the East Link alignment, beginning from the south end at Bellevue Way. One lane will be closed for the duration of the construction, and two lanes will be maintained in the peak-hour direction in the morning and evening. The South Bellevue Park and Ride is expected to be closed for 48 to 60 months.

Councilmember Robertson observed that a four- to five-year closure is quite significant. She questioned where Park and Ride users will connect to transit. Mr. Welaye said the City, Sound Transit, and Metro are working on a plan. Ms. March said Sound Transit has taken the lead in identifying where current users of the South Bellevue Park and Ride are coming from and in trying to locate alternate facilities closer to the source of those trips. This includes looking at church parking lots and other facilities that might be feasible. Ms. March said it will be important to get this information out to Park and Ride users. Councilmember Robertson said it will be very important to ensure effective alternatives.

Responding to Councilmember Chelminiak, Ms. Welaye said Bellevue Way will be fully closed from I-90 to the intersection of 112th Avenue during 12 to 15 weekend closures. He said signage will be provided to direct traffic.

Councilmember Stokes questioned where transit users will access buses. Ms. March said Route 550 is expected to continue operation from alternate parking locations.

Mayor Balducci said she understands the philosophy of trying to intercept riders closer to their homes. However, she does not believe it is realistic to expect that will be able to serve all users. She strongly encouraged interim parking options and suggested consideration of the staging area west of the Eastgate Park and Ride.

Councilmember Stokes suggested it will be important to locate options near the freeway.

Deputy Mayor Wallace said this solution offered by Sound Transit sounds very rigid and single-minded. He suggested additional creativity. He said it is hard to believe that the South Bellevue Park and Ride needs to be completely closed for four to five years. He encouraged that there must be a better way to manage this situation.

Mr. Welaye moved on to describe plans for 112th Avenue SE from Bellevue Way to Main Street. The plan is to provide one lane in each direction during construction with off-peak lane closures. He described traffic management plans for the alignment into and through the Downtown, which will involve periodic closures on 110th Avenue NE. There will be overnight lane closures and HOV ramp closures throughout construction. Minimal impacts are anticipated at NE 8th Street and 116th Avenue NE and through the Hospital District.

Mr. Welaye described traffic impacts through the Bel-Red corridor which will involve lane closures on NE 20th Street, 130th Avenue, 132nd Avenue, 136th Place NE, and NE 16th Street (Spring Boulevard). There will be a long-term closure (6 to 9 months) on Spring Boulevard between 132nd Avenue and 136th Place NE, and full closure of 136th Place NE from Spring Boulevard to NE 20th Street for one month. Access to businesses will be maintained. Mr. Welaye said the alignment to Overlake and Redmond will involve overnight street and lane closures.

Responding to Councilmember Robertson, Mr. Welaye said off-peak closures are based on traffic volumes on specific roads. For Bellevue Way, lane closures will not be allowed from 7:00 AM to noon and during the evening peak hours. Mr. Berg said work on Bellevue Way on weekends would extend throughout the day.

Ms. Robertson noted her ongoing interest in ensuring that project-related noise mitigation measures are in place before construction begins, especially in residential areas. She questioned whether this is part of the plan.

Mr. Welaye said City staff has initiated discussions with Sound Transit about how to complete noise mitigation in the areas around the south tunnel portal staging site. The plan is to install temporary sound walls for the construction period.

Councilmember Robertson questioned whether the Light Rail Permitting CAC is addressing noise mitigation. Ms. March said the CAC has not weighed in on South Bellevue noise yet but is scheduled to address that over the next few weeks. She said the CAC is primarily focused on the look and feel of the sound barriers.

Councilmember Robertson questioned how the City will ensure that the noise walls are appropriately placed for maximum effectiveness. Ms. March said the City's noise consultant is analyzing all of the technical noise information from Sound Transit and will work with City staff and the CAC in dealing with those issues.

Councilmember Stokes concurred with Deputy Mayor Wallace's concerns about I-90, Bellevue Way, and the South Bellevue Park and Ride. Mr. Stokes said alternatives must have access to the freeway and be convenient enough to encourage the public to continue to use transit.

Councilmember Chelminiak opined that all of the temporary Park and Rides cannot be the churches along Bellevue Way. It would make no sense to direct cars through the construction zone to reach Park and Ride lots. He likes the idea of trying to capture transit riders closer to their point of origin.

Mr. Chelminiak expressed concern that certain businesses along 116th Avenue and in the Bel-Red corridor will not survive road closures unless there is reasonable access and strong public communication.

Ms. March said Sound Transit has a fairly robust business mitigation program in place and they have been reaching out to specific businesses in the corridor. She said Sound Transit staff went door-to-door to 250 businesses before the most recent open house.

Mayor Balducci said that, while the Council anticipated substantial traffic impacts, it is a bit shocking to learn the full details. She appreciates the community outreach. She said the City will need to advocate with Sound Transit, and she suggested reviewing the Light Rail Best Practices Committee's report on this topic.

Chris Salomone, Director of Planning and Community Development (PCD), provided the update on the Sound Transit Operations and Maintenance Satellite Facility (OMSF). He recalled that the Sound Transit Board took action on July 24, identifying a site in the Bel-Red corridor for the facility. The City recently held a charrette with design staff and consultants to explore options. One stakeholder workshop has been held as well with property owners, nonprofit organizations, and others in attendance. The next one is scheduled for October 9 at Bellevue City Hall, and one or two additional workshops are anticipated.

Councilmember Robertson questioned the status of the contract packages. She noted there were some deadlines this summer for bids and questioned whether they have been awarded. Mr. Berg said no, but Sound Transit has started the solicitation process for the E360 (Overlake) package and is nearing final interviews for the E335 (Downtown) contract. He said he will let the Council know when the bids are awarded.

Responding to Councilmember Chelminiak, Mr. Salomone said one design idea is to rotate the facility to an east-west orientation on the Metro bus storage site. Mr. Salomone acknowledged that it would still be a large storage facility, but there was an interest in combining two regional facilities into one. Additional ideas are elevating 120th Avenue to eliminate the grade separation

to the north, moving the road, buildover options, and others. He noted that an interim facility would allow the City and transit agencies to work through issues related to the options.

Mayor Balducci said that, in studying the facility options, there have been a number of attempts to reconfigure it, add transit-oriented development (TOD), and other variations. She said it would be helpful if all of those ideas could be consolidated for Council consideration. She said information on ideas that have been eliminated would be helpful as well because some of the more recent designs evolved from earlier versions and it would be helpful to know why earlier ideas were rejected.

Mr. Salomone said staff will compile that information as soon as possible. He said information on the three options studied during the charrette can be provided within a few days.

Councilmember Lee said the City cannot emphasize enough the importance of ensuring access to businesses and residents during light rail construction. When the tunnel was constructed in Downtown Seattle, it was a considerable disruption to businesses, many of which lost customers for a significant period of time. He said it is important to maintain access to Bel-Red businesses.

Councilmember Stokes thanked staff for the presentation and information provided in the meeting packet.

Deputy Mayor Wallace recalled that the City sent a letter to Sound Transit approximately three months earlier requesting information needed to evaluate where the City stands in its collaboration with the transit agency.

Mr. Berg said some of the requested information has been received. However, some items are outstanding including the master schedule, which might not be available until late this year. He said the City still needs information to evaluate the 60-percent baseline from its perspective.

Mr. Wallace said it would be helpful to have a more refined estimate for the beginning of construction, which could be adjusted as needed. Mr. Berg confirmed that is consistent with the City's practice for its own projects.

Deputy Mayor Wallace asked whether Sound Transit has provided an update on right-of-way costs since 2011. Mr. Berg said there have been discussions with staff but the City has not seen a complete listing, including of parcels for which acquisitions have closed.

Mr. Wallace noted a project line item labeled "Systems Costs" for \$100 million and questioned whether Sound Transit has provided information on those costs. Mr. Berg confirmed that the information has not been provided as requested.

Responding to Mr. Wallace, Mr. Welaye said information on most of the design costs is available and will be provided to the Council. However, staff is waiting for information on some additional costs.

Deputy Mayor Wallace questioned whether Sound Transit has submitted its proposed mitigation for noise and other impacts. He questioned the standards to which the mitigation will be evaluated. He said the City's Noise Code limits noise emissions to 70-85 decibels. However, his recollection of the last discussion on noise indicated that a different standard would be used.

Mr. Berg said staff is working with the consultant on noise issues, and more information will be brought back to the Council.

Deputy Mayor Wallace said he would like to see a schedule of what the City needs to do to work alongside the East Link project. Mr. Berg said staff plans to compile those milestones and overlay them with Sound Transit's estimated schedule.

Mayor Balducci thanked staff for the update. She observed that Deputy Mayor Wallace has had a consistent set of questions over time. She asked that staff add these issues to the regular written reports provided to the Council.

(e) Regional Issues

(1) State Route 520 Project Update

Joyce Nichols, Director of Intergovernmental Relations, introduced Washington State Department of Transportation (WSDOT) staff Julie Meredith, SR 520 Program Administrator, and Denise Cieri, SR 520 Program Deputy Administrator, to provide an update on the SR 520 project.

Ms. Cieri said the SR 520 program is currently funded at \$2.9 billion. The program schedule includes the Eastside transit and HOV project opening this fall, pontoon construction in Aberdeen to be completed in 2015, the new floating bridge expected to open in the spring of 2016, and construction of the West Approach Bridge North to begin this fall and open in 2017. Funding is not currently available for the remaining west side corridor.

Ms. Meredith said SR 520 program costs went from \$4.13 billion in the October 2012 budget to \$4.3 billion in the April 2014 budget. The 2012 cost estimate of \$1.4 billion for the Seattle side of the project will be updated at the end of this year.

Responding to Deputy Mayor Wallace, Ms. Meredith confirmed that state gas tax revenues represent \$580 million of the total. Remaining funding comes from federal grants and the SR 520 toll account. In further response, Ms. Meredith said several transportation packages have been proposed in the past that would have provided more state funding to the project.

Ms. Meredith said completion of the bridge is on schedule for 2016. However, remaining vulnerabilities to earthquakes include the Portage Bay Bridge and the West Approach structure in Seattle.

Ms. Cieri provided an update on construction activities. She said the Evergreen Point transit stop opened in June, the 92nd Street stop opened in July, and HOV lanes opened on September 15.

However, the HOV lanes merge with general purpose lanes at Evergreen Point. The direct access ramp is open at 108th Avenue, and the regional bike-pedestrian path will open soon.

Ms. Cieri described the pontoon construction and placement. Ms. Meredith said 74 of the 77 pontoons will be completed by November.

Ms. Cieri said the West Approach Bridge North (WABN) project is a three-lane structure connecting the west lanes of the new floating bridge to the Montlake area. This will ultimately complete six lanes connecting to the Montlake area in 2017. The final unfunded phase connects the six lanes to I-5. Ms. Meredith said WSDOT is working with the City of Seattle to update project costs later this year and prepare a funding proposal for the state legislature.

Ms. Cieri highlighted the next steps. A public open house was held on September 11 in Seattle regarding the west side design, and staff will present design information to the Seattle City Council's transportation committee on September 23. Construction on the West Approach Bridge North is beginning this fall, and staff will update the state legislature during the next legislative session.

Councilmember Robinson said she drives SR 520 daily. While the route has changed many times throughout the project, there has always been good traffic flow. She would like Sound Transit to develop a better plan for construction impacts to Bellevue Way.

Ms. Meredith noted that the SR 520 project had a good amount of right-of-way available to accommodate the construction activities.

Ms. Robinson suggested ensuring that obstacles in the water are well lit for boaters. She asked the City Manager for a staff update on the pedestrian-bike paths from SR 520 to Downtown Bellevue.

Mr. Berg said the SR 520 project is constructing the path that will start at 108th Avenue in Bellevue and cross the bridge to the University of Washington. The City has taken the lead to design and construct an interim bike path from the SR 520 trail that will start at 108th and go east to connect to the path at NE 24th Street. The State is funding \$8 million of that project. There will ultimately be a continuous pathway from Redmond to Seattle. The proposed bike lane on 116th Avenue NE is one option for connecting to Downtown Bellevue, and others are under consideration.

Responding to Councilmember Robinson, Mr. Berg said the completion of a link to Downtown Bellevue is dependent in part on the study of 116th Avenue NE. There is currently access from SR 520 via 108th and 112th Avenues which do not have striped bike lanes.

Responding to Councilmember Chelminiak, Ms. Meredith clarified the elements of the west side of the bridge. He observed that roughly 33 percent of the project budget is the Portage Bay viaduct and the Montlake interchange. Ms. Meredith acknowledged that it is an expensive piece to construct. The section is nearly four miles long and most of the construction is structure.

Responding to Deputy Mayor Wallace, Ms. Meredith said there were two westbound general purpose lanes and one HOV lane before construction began. There were two general purpose lanes in the eastbound direction to I-405. When the bridge is completed in 2016, there will be fewer lanes on the west side of the lake while that end of the project is completed. In further response to Mr. Wallace, Ms. Meredith said westbound buses and HOV vehicles will merge to the right lane until the West Approach Bridge North project is completed. She provided additional details on how the HOV lanes will work on SR 520 and I-5 when the full project is completed.

Responding to Deputy Mayor Wallace, Ms. Meredith said modeling has been done to evaluate the congestion points anticipated before the project is fully completed. Ms. Meredith said a full volume of one lane exits at the Montlake interchange and a full lane volume enters at the Montlake interchange. She said tolling has dropped traffic volumes on SR 520, which helps to avoid traffic bottlenecks.

Mr. Wallace questioned how long it would take to complete the full connection to I-5 if the state legislature provided full funding during the next legislative session. Ms. Meredith said it would take five to six years to construct the Seattle side. However, if an alternate design is approved by the City of Seattle, the project schedule could be reduced by approximately one and a half years. She confirmed that the earliest completion would be 2020, three years after completion of the West Approach Bridge north project.

Councilmember Chelminiak said he shares Deputy Mayor Wallace's concerns regarding the congestion points. He questioned whether there has been modeling to compare the effect of three lanes starting at Foster Island versus three lanes starting from Montlake. Ms. Meredith said WSDOT will provide that information.

Responding to Councilmember Lee, Ms. Meredith said the contractor is responsible for removing the existing bridge. She said it is likely that at least some of the pontoons will be sold to other entities.

Responding to Mayor Balducci, Ms. Meredith said the legislative cap on the project cost is \$4.65 billion. She said WSDOT and the City of Seattle are committed to working within that maximum cost.

Responding to Ms. Balducci, Ms. Meredith said that part of the \$170 million allocated by the state legislature was to be achieved through resizing the toll-backed bond sale. The rest of the funding was to come from federal dollars, with consideration given to determining whether state TPA funds could be reallocated from other projects to SR 520.

Mayor Balducci said she would like to get more of the financial details that were presented to the Puget Sound Regional Council (PSRC) Transportation Policy Board. Responding to Ms. Balducci, Ms. Meredith said the financing under discussion does not affect toll rates.

Mayor Balducci thanked WSDOT staff for the update.

(2) Transit Update

Ms. Nichols referred Councilmembers to the transit update memo in the desk packet covering three topics: 1) Metro transit service cuts, 2) Seattle's Transit Revenue ballot measure and Mayor Murray's Transit Summit, and 3) Metro/Sound Transit service integration initiatives.

Ms. Nichols said Metro General Manager Kevin Desmond announced the previous week that enough savings have been identified to limit the total service cuts to 400,000 hours instead of the estimated 550,000 hours. Some of the savings are from reduced prices for electric trolley buses, lower workers' compensation costs, a decrease in diesel fuel costs, scheduling efficiencies, and a pending reduction of 335 employees related to the service reductions. These savings total \$126 million in one-time operating and capital costs. Ms. Nichols said Metro is also experiencing a modest recovery in sales tax revenue which is expected to provide an additional \$35 million this year.

Ms. Nichols recalled that, in May, the City Council asked staff to explore options for preserving Route 271 service in Bellevue. The City has worked successfully with Metro and Bellevue College to maintain service to the campus. The Council also requested information on the costs of Route 243, which connects North Seattle with Bellevue. Since the route is shared with Seattle, the outcome of Seattle's ballot measure in November will help Metro itemize those costs. The ballot measure proposes the same tax and fee increases as the April 1 countywide ballot measure, which failed nearly everywhere except in Seattle. The ballot measure would generate approximately \$45 million annually for service in Seattle. Some of the funding would be eligible for partnerships with cities that share routes. Ms. Nichols said the measure has a six-year sunset clause.

Ms. Nichols said Deputy Mayor Wallace attended the September 12 Regional Transit Summit held by Mayor Murray in Seattle. The agenda included information on the November 4 ballot measure as well as polling data from recent transit studies. That data has been provided to the Council.

Deputy Mayor Wallace said the region is committed to maintaining a collaborative approach to secure a statewide transportation package from the state legislature.

With regard to the topic of integrating and streamlining Metro and Sound Transit services, King County Executive Dow Constantine leads an initiative to provide riders with a seamless transit experience through increased coordination of service, customer projects, and facilities. He also chairs the Sound Transit Board. Ms. Nichols said Metro and Sound Transit are both in the process of updating their long-range plans.

Councilmember Robinson expressed support for the Getting There Together initiative led by King County. She said this will become increasingly important for Bellevue as it starts to implement light rail as well as bus transit.

Councilmember Stokes said Denver has a unified transit authority that appears to be effective in planning and coordinating services. He observed that the transit integration initiative is encouraging.

Mayor Balducci said the coordination and integration of transit services has been a topic of discussion for a long time. She said one of the simplest reasons for the number of transit agencies is that they have been established with different funding sources and funding boundaries.

(3) Legislative Update

Moving to the state legislative update, Ms. Nichols said the state legislature will be significantly challenged by the demands of the McCleary decision related to education funding. The decision requires additional funding for all-day kindergarten, smaller class sizes for K-3rd grades, and increased funding for materials, supplies and other costs. The State is also required to pay the costs currently paid by local district levies related to basic education.

Ms. Nichols said a complicating factor is Initiative 1351 on the statewide November ballot. This measure adds class size definition to the definition of a basic education, which could increase expenditures by mandating class size reductions and staffing level increases.

Ms. Nichols said the majority of the State General Fund budget is dedicated to specific purposes, leaving the state legislature with little latitude in funding other needs. She said she and Councilmember Robertson recently attended a meeting sponsored by the Association of Washington Cities (AWC) in which the Director of the Office of Financial Management shared the dismal state of the State budget.

Councilmember Robertson said the meeting described by Ms. Nichols was the AWC legislative affairs committee. She expressed concern about the prospect for a transportation package. With regard to the property tax impact of the McCleary decision, Ms. Robertson said one idea that has come forward would take \$320 million annually from King County schools to be distributed elsewhere. She noted that basic education does not include seven periods but Bellevue Middle Schools and High Schools currently have seven periods. She expressed concern that the redistribution of funds could result in inadequate funding for maintaining seven periods.

Responding to Ms. Robertson, Ms. Nichols said local school bonds would likely not be affected by the McCleary decision. However, Ms. Robertson said she would like to understand how local levy funds would be handled. Ms. Nichols said she believes there are 10 school districts in the state that do not have established levies. Those districts would receive a certain amount of funding to put them at parity based on whatever formula is established.

Councilmember Robertson noted that the McCleary decision reduces class sizes for K-3rd grades, but Initiative 1351 applies through 12th grade. Responding to Ms. Robertson, Ms. Nichols said the estimated cost of Initiative 1351 is estimated at \$4.2 billion. Ms. Nichols said there is one estimate that 7,000 new teachers and 17,000 school district staff would be needed.

Councilmember Robertson observed that, if more teachers are added and class sizes are reduced, there are no matching funds for adding classrooms and school facilities. Ms. Nichols said that is one of the ancillary issues not covered by Initiative 1351. Ms. Robertson said she is very concerned about the initiative and how it could sidetrack the requirements of the McCleary decision.

Councilmember Stokes said that, historically, this is a replay of events that occurred approximately 40 years ago when the courts directed that the state legislature eliminate levies and provide equal funding for school districts. He said levy equalization is a current mechanism that provides funding to school districts that cannot raise levies. He expressed concern regarding the potential loss of school funding for Bellevue.

Mr. Nichols said there is a cap on the state property tax of \$3.60 per \$1,000 assessed valuation (AV). The State is currently at \$2.10 per \$1,000 and it could increase that rate by \$1.00/1.10 to fully meet their mandates under the McCleary decision.

Responding to Councilmember Robinson, Ms. Nichols agreed that an increase could affect the multifamily property tax exemption. She will research that issue further and report back.

Deputy Mayor Wallace observed that the McCleary decision mandates combined with Initiative 1351 would break the back of the state legislature and the state budget. There is no way to fund the scale of dollars involved.

With regard to the McCleary decision, Mr. Wallace expressed concern that a redistribution of property tax revenues to school districts statewide will result in a potentially significant loss for the Bellevue School District. His understanding is that school districts are not to lose any funding. Therefore, the loss through revenue sharing will need to be made up by Bellevue taxpayers with a property tax increase.

Mr. Wallace said his reading of Initiative 1351 does not mandate a reduction in class size, but it mandates a funding formula for hiring new staff (e.g., school psychologists). He questioned where money would come from to fund this initiative along with the McCleary mandates. He expressed concern that Initiative 1351 would take money from every other source (e.g., higher education) and would not improve the overall quality of education. Deputy Mayor Wallace said the solution for high quality education is to leave the issue in the hands of those elected and hired to run the school district.

Councilmember Robinson said she feels at a disadvantage in not having a full understanding of both sides of the issues and all of the ramifications. If this is to be discussed during a Council meeting, she would like to have all of the relevant information before the Council.

Mayor Balducci observed that Mr. Wallace had originally considered requesting that the Council take an official position on the Initiative. However, instead he opted to just communicate his perspective.

Mayor Balducci said it would be helpful, as elected officials, to have more information on these issues. She said the Bellevue School District is a critical factor in the community's quality of life.

Councilmember Stokes said the data is clear about the benefits of reducing class size, especially for 3rd grade and under. However, he concurs with Deputy Mayor Wallace's concerns about the ability of the State to provide funding. He noted that the Bellevue School District has two levy measures coming up for renewal in February. He expressed concern about the potential for a reduction in funds due to statewide sharing. Mr. Stokes would like to see a Study Session item to delve further into these issues.

Councilmember Chelminiak observed that education is critical to Bellevue's success, and the Council should do what it can to protect its property tax revenue and education funding. He said it is important to keep the state legislature on track regarding its responsibility to solve the funding demands, even if that means taking a vote to raise taxes to meet that responsibility. Bellevue should not be in a position that requires a local vote to increase taxes for education. Mr. Chelminiak said he would like to focus the Council's attention on protecting the City's interests without debating specific issues such as class size and staffing levels.

Mayor Balducci concurred and observed that this means keeping an eye on proposals in the state legislature about levy swaps/redistributions. Making one district's schools better by potentially making another district's schools worse is not a solution to the State's paramount duty to fund education. It also potentially undermines the public's willingness to support levies.

Moving on, Councilmember Robinson said Representative Carlyle, Chair of the House Finance Committee, is asking local governments to produce data on the impacts of recreational marijuana. Her understanding is that he and other legislators will not support sharing marijuana revenues with local governments until a need is demonstrated based on data.

Ms. Robinson recalled that the recreational marijuana ballot measure included the premise that funding would be provided to local governments.

Councilmember Robertson said this issue came up during the AWC meeting in which Representative Carlyle was present. He said there was the potential last year to strike a deal that would have provided revenues to local governments in exchange for preempting local control. Ms. Robertson observed that this was not a good deal. She said he expressed concern about the financial constraints related to the McCleary decision when discussing this issue.

Ms. Robertson said there was general agreement within the AWC legislative affairs committee about maintaining local control and implementing revenue sharing. However, there was a difference of opinion about whether the sharing should only be between cities that are allowing recreational marijuana businesses within their borders. Ms. Robertson spoke in favor of continuing to advocate for revenue sharing and maintaining local control.

At 9:28 p.m., Mayor Balducci declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw