

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

November 22, 2010
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Balducci, Chelminiak, Degginger, Robertson, and Wallace

ABSENT: None.

1. Study Session

Deputy Mayor Lee called the meeting to order at 6:00 p.m. and announced recess to Executive Session for approximately 35 minutes to discuss one item of potential litigation, one item of property acquisition, and one item of labor negotiations.

The meeting resumed at 7:06 p.m., with Mayor Davidson presiding.

2. Communications: Written and Oral

- (a) Ron Griffin, a member of the NE 5th Neighborhood Traffic Advisory Committee, spoke regarding the Wilburton Connections Project. He said the Committee agrees that it is a bad idea to build the NE 4th Street extension and to improve 120th Avenue NE south of NE 8th Street before building 120th Avenue NE north of NE 8th Street. Residents are concerned that increased traffic on 120th Avenue NE will divert traffic into the neighborhood. Leaving NE 5th Street unchanged will allow this diversion of traffic, while a partial closure of the street will be inconvenient for residents and impede their access to businesses on 120th Avenue NE. Mr. Griffin submitted his comments in writing as well.
- (b) Carolyn Maxim asked the Council to reprioritize the Capital Investment Program (CIP) budget to build a wider and improved 120th Avenue NE, north of NE 8th Street, before building the NE 4th Street extension and bringing more traffic into the area. She feels it is unreasonable to add cars before adding capacity to 120th Avenue NE. She submitted her comments in writing.
- (c) Robert Shay, Wilburton Community Association, spoke to the planned sequencing of the Wilburton Connections project. He asked the Council to complete phases 2 and 3, north of NE 8th Street, before constructing the NE 4th Street extension project and

improvements to 120th Avenue NE south of NE 8th Street. Residents are concerned about adverse traffic impacts into the Wilburton neighborhood during construction. He personally believes that the 120th Avenue NE Phase 2 improvements (north of NE 8th Street) should be completed first, followed by the widening of 120th Avenue NE (Phase 1, south of NE 8th Street) and the NE 4th Street and NE 6th Street extension projects, along with the remaining elements of Phase 3.

- (d) Edward Lin, Perkins Coie, spoke on behalf of the Best Buy store on 120th Avenue NE. He expressed support for the Wilburton residents' proposal to construct the NE 8th Street and 120th Avenue NE improvements before extending NE 4th Street from 116th Avenue NE to 120th Avenue NE. Best Buy believes this would help to mitigate some of the traffic impacts. Best Buy continues to object to the City's preferred route for NE 4th Street and preserves its right to raise additional objections. Mr. Lin said he believes that the City is in violation of SEPA and NEPA regulations.

3. Study Session

(a) Council Business and New Initiatives

→ Deputy Mayor Lee moved to add consideration of Resolution No. 8161 as Agenda Item 3(c), and Councilmember Robertson seconded the motion.

→ The motion to add Resolution No. 8161 to the agenda carried by a vote of 7-0.

- (b) Resolution No. 8160 authorizing execution of Amendment No. 7 to the State of Washington Recreation and Conservation Office (RCO) 2006 Grant Project Agreement, to increase the grant by \$82,401.95 for a total of \$790,853.93.

City Manager Steve Sarkozy reported that the State's Recreation and Conservation Office recently notified the City that an additional \$82,401.95 became available to provide further funding for the Henrich and Kim property acquisitions located on Meydenbauer Bay.

Parks and Community Services Director Patrick Foran explained that the acquisitions were completed several years ago as part of the Meydenbauer Bay parks program. The funding became available because another agency slated for funding was unable to reach a purchasing agreement. The funds help to offset the costs of the previous acquisitions. Approximately 39 percent of total acquisition costs have been recovered through state and federal grants.

→ Councilmember Balducci moved to approve Resolution No. 8160, and Councilmember Robertson seconded the motion.

→ The motion to approve Resolution No. 8160 carried by a vote of 7-0.

Councilmember Balducci said it is exciting to be part of these property acquisitions, which will result in a significant benefit for the community as the waterfront park is developed.

(c) Resolution No. 8161

Mr. Sarkozy noted that Resolution No. 8161 authorizes the execution of all documents necessary for the purchase of the Pashchinskiy & Paschinskaya property in the Bridle Trails area at the corner of 134th Avenue NE and NE 24th Street.

Mr. Foran provided a brief overview of the acquisition. The 2008 Parks and Natural Areas Levy provided \$2.5 million for park improvements in the Bridle Trails neighborhood. This is one of two projects identified by residents, and consists of 2.1 acres across the street from Viewpoint Park. Staff recommends approving the purchase at the appraised value of \$644,000.

→ Deputy Mayor Lee moved to approve Resolution No. 8161, and Councilmember Chelminiak seconded the motion.

Councilmember Degginger expressed support for the motion. He referred to the project list for the 2008 Parks and Natural Area Levy, noting that a number of projects have been completed or are moving forward.

Councilmember Chelminiak said this is a great property at a great price, and one that fits well with the trail and existing park properties.

Responding to Councilmember Wallace, Mr. Foran confirmed that the seller purchased the property in 2007 for \$1.1 million. This highlights the benefit of being able to purchase property at a good price in the current economy. Mr. Foran said that the Bridle Trails Neighborhood Association and the other groups who put this recommendation together did an excellent job in selecting and prioritizing this project.

→ The motion to approve Resolution No. 8161 carried by a vote of 7-0.

(d) Regional Issues

Mr. Sarkozy noted that due to the winter storm and in the interest of time, tonight's agenda item will focus only on the I-405 and SR 167 tolling program.

Diane Carlson, Director of Intergovernmental Relations, introduced Kim Henry, I-405/SR 167 Corridor Director, and Denise Cieri, Corridor Deputy Director, to provide an update on the work of the expert review panel that was created to review the Washington State Department of Transportation's work on the I-405 Express Tolling Study.

Mr. Henry reported that the expert review panel concluded that WSDOT's study was solid from both an engineering perspective and financial analysis. He reviewed the legislative-funded projects in the Eastside Corridor Program, as well as unfunded and/or incomplete major improvements, which involve I-405, its connection to SR 167, and the SR 167 HOT (High-occupancy toll) lanes.

Mr. Henry said that toll lanes fund and finance future improvements within the corridor, and move toward the completion of the I-405 Master Plan. Toll lanes also improve overall traffic performance as well as transit speed and reliability.

Ms. Cieri described the analysis comparing the performance of express toll lanes versus general purpose lanes, noting that five options were studied. The executive advisory group chose Option 4, which has a cost of \$2 billion and includes an express toll lane between Lynnwood and Bothell; an additional lane between Bothell and Renton; the direct connector at I-405 and SR 167; and the extension of SR 167 HOT lanes to the south. The analysis reflects that more vehicles are moved at higher speeds with the express toll option versus an addition of general purpose lanes.

Responding to Councilmember Wallace, Ms. Cieri said that \$2 billion is the cost of implementing Option 4. A portion of these costs is already funded in Option 1, which can build into Option 4.

Mr. Henry said there is a wide range of revenue projections. WSDOT anticipates that revenues will cover roughly two-thirds of the total costs. WSDOT is continuing to look at a number of different financing questions that will influence the total available revenue for financing the project.

Councilmember Robertson noted an article in *The Seattle Times* about HOT lanes for I-405, which stated that WSDOT is expecting local government agencies to pick up the funding gap. Mr. Henry clarified that the statement is not true. Proposals so far have included gas taxes that have already been dedicated to the corridor and toll user fees. An additional match will be needed, but a source has not been identified.

Ms. Cieri described additional elements and performance metrics for Option 4, including average speeds and travel times.

Councilmember Balducci noted that the average speed is slower and throughput is lower in the general purpose lanes with HOT lanes versus with traditional HOV lanes. Option 4 does not appear to improve performance for general purpose lanes, which is counter to what has been stated in the past.

Ms. Cieri said these are just two example snapshots. In some cases, Option 4 does increase speeds in general purpose lanes, and in other cases the speeds are slightly slowed.

Mr. Henry added that the analysis was based on the regional model and last year's study. WSDOT staff did not go back and add new volumes. Once volumes left the general purpose lanes and made their trips, no new volumes were added back in. That is where you see the actual through volume as higher under express toll lanes than it is with adding a general purpose lane.

In further response to Ms. Balducci, Mr. Henry said the key is that the overall volume is higher because the numbers in the express toll lanes are far higher, and the numbers in the general purpose lanes are moderately lower than they are when combined with HOV lanes. He said there are minor differences in speeds in all cases.

Responding to Mayor Davidson, Mr. Henry clarified the lane configuration, noting that the analysis is based on 3+ occupants per vehicle in the HOV lanes.

Ms. Cieri said that by 2035, as congestion continues to grow in the area, express toll lanes will be able to keep traffic moving.

Mayor Davidson questioned whether single occupancy and 2-person vehicles are expected to be buying in to the 3-person lanes. Mr. Henry said this has become a significant regional question, and elected officials along the corridor have raised that concern. WSDOT recommends continued discussion of this issue. Mr. Henry said that without the 3+ definition, the project does not raise enough revenue to continue the investment. At the same time, he feels there are options for stepping into that in a gradual way.

Ms. Cieri reviewed WSDOT's current project phasing proposal for Option 4.

Mr. Henry reviewed the expert review panel's findings, which concluded that the proposed express toll lane concept is a viable and appropriate strategy for improving mobility on the I-405/SR 167 Eastside corridor. The review further concluded that the State used sound planning and engineering practices, that moving forward with Phase 1 as a first step toward Option 4 makes sense, and that Phase 1 provides the necessary momentum and helps to fill the funding gap for future phases.

Ms. Cieri continued the presentation, describing Phase 1 between Bellevue and Lynnwood.

Responding to Mayor Davidson, Ms. Cieri confirmed that the project anticipates conversion to 3+ HOV lanes by 2020. Mayor Davidson observed that, when looking at this future plan, this is important information for the public to accurately understand in terms of how the lanes function.

In further response to the Mayor, Mr. Henry said the expert review panel looked at this issue, and recommended moving to an HOV 3 system immediately due to performance problems. WSDOT felt that was too drastic and wants to look at a reasonable way to phase into 3+ HOV lanes.

Mr. Henry summarized the current proposal, noting that WSDOT needs clear direction from the legislature this year. The question of 2+ or 3+ HOV lanes needs to be resolved before Phase 1 is complete. Full financing to complete the program needs to be worked out as well.

Responding to Councilmember Wallace, Ms. Cieri said the NE 6th Street on-ramp in Bellevue would become an added lane. Mr. Henry clarified additional details of the proposal.

Councilmember Wallace said it would be helpful to compare the gas tax option versus the tolling option as revenue sources.

Mr. Henry said that the statewide nickel and TPA (Transportation Partnership Account) gas taxes totaled about 14.5 cents per gallon and raised almost \$1.5 billion. That is roughly the existing funding gap to complete Option 4. If a similar distribution were dedicated to I-405, that would suggest the need for an additional 15-cent gas tax.

Mr. Wallace questioned whether WSDOT has considered not charging itself sales tax for the construction of the projects in order to reduce costs and tolls. Mr. Henry said that has been raised in the past, but he has not heard any current discussion on that.

Councilmember Wallace observed that the concern would be raising money with tolls from people driving on the roads, and yet we need to have the sales tax revenue to go into the General Fund to fund the gap.

Councilmember Degginger said it is important to remember the funded and completed projects of the I-405 Master Plan. The question of financing the remainder of the plan is a matter of policy. He noted that some other projects are using dedicated revenue sources, although there are differences between the types of projects. Mr. Degginger noted that a policy issue for the legislature is how to allocate the State's credit. He noted that interest rates on non-recourse bonds are much higher than for those backed by the full faith and credit of the State, which means that tolls will be higher. He would like to see the community and the legislature spend more time talking about these issues.

Councilmember Balducci said the expert review panel process is a very good one, and it is interesting to hear their perspectives. This is a major change for people to consider, and the region has been successful in the past in going to Olympia and advocating for gas tax increases. However, as the use of electrical vehicles increases, a gas tax will be a less reliable funding source. A user fee has some attractiveness, and tolls are a user fee.

Moving forward now to implement tolls is a different question. The Puget Sound Regional Council (PSRC) has studied the concepts of tolling and pricing and engaged the public in the discussion. Ms. Balducci said that talking about tolling I-90 to fund SR 520 is still essentially a traditional approach to building a bridge.

Regarding Councilmember Wallace's question, Ms. Balducci shared that Representative Judy Clibborn has commented that proposing to waive sales tax on these types of project is proposing to subsidize transportation out of the General Fund. With the kind of budget cuts that the State is facing, this is essentially saying the State should continue to cut human services and education in order to build more pavement.

Ms. Carlson said that, next week, the Council will be asked to address the policy question about whether to move forward with Phase 1 of the I-405/SR 167 project.

(e) Continue Discussion on 2011-2012 Operating Budget and 2011-2017 Capital Investment Program (CIP) Plan

Mr. Sarkozy initiated continued discussion of the 2011-2012 Operating Budget and the 2011-2017 Capital Investment Program (CIP) Plan. He referred the Council to the Operating Budget Discussion List dated November 22, noting that the items are all additions suggested by Councilmembers.

Mr. Sarkozy reviewed the list and offered staff's recommendations for reductions and adjustments in response to the Council's suggested additions.

Mr. Sarkozy noted that the East Link Overall budget proposal is not recommended for funding at this time. This work is largely captured in the Capital Investment Program (CIP) budget. This is a one-time project that will ultimately be implemented by a regional agency (Sound Transit), and funding will be needed. However, the final picture on what will be needed is not clear at this time. Staff suggests that this item be included in the CIP discussion.

Responding to Deputy Mayor Lee, Finance Director Jan Hawn said that the item is budgeted at \$2.5 million but it is fully CIP funded, resulting in a net zero impact on the General Fund.

Councilmembers requested more information on the Transportation Demand Management (TDM) proposal.

Responding to Councilmember Wallace regarding the Downtown Transportation Plan Update item, Ms. Hawn said there is a consulting component to the plan update that is included in the CIP Plan. The operating budget allocation is the staffing portion of the work, and is not funded. The consulting work in the CIP Plan is funded. Ms. Hawn stated her understanding that Mr. Sarkozy is suggesting it be added to the operating budget, and that staff time be funded from the CIP allocation that funds the consultant work.

Mayor Davidson said that Councilmembers suggested additions to the operating budget without identifying deletions or funding sources. As a result, staff has developed modified recommendations to respond to the Council's priorities.

Mr. Sarkozy continued to review the discussion list of budget proposals.

Mr. Sarkozy suggested potential revenue enhancements as follows: 1) Fee for basic life support (BLS) ambulance transport, which would generate \$1.2 million over the two-year operating budget), 2) Defer filling the Economic Development Director position that will become vacant in early 2011, and 3) Further review, reworking, and/or renegotiation of contracts, for a potential savings of up to \$200,000.

Councilmember Degginger suggested keeping things in perspective, noting that this is a two-year operating budget totaling approximately \$150 million, and the Council is down to talking about the last approximately \$1 million. He observed that the City Manager's list accurately

summarizes the Council's key priorities including maintaining public safety funding. Mr. Degginger would like to find a way to preserve full aid car staffing. He noted past discussions about public safety in terms of reducing street lighting, which also creates potential liability exposures.

Mr. Degginger agrees that moving forward with the downtown transportation analysis is a good step. The City has worked hard to hold human services harmless and to preserve this funding, at a time in which the State and King County have significantly reduced their commitment to human services. He feels that the budget is moving in the right direction.

Councilmember Chelminiak commended staff for doing an incredible job throughout the budget process, and for identifying solutions that work well. He disagrees with the proposals to turn off every other street light and to charge for residential street parking. He feels that options are still available in the form of carryovers, reserves, and other items. Mr. Chelminiak said it is significant that the City is maintaining and even increasing its human services funding, although there are still a number of citizens who are hurting. He feels that phasing the Downtown Transportation Plan first and working on the Land Use Plan next makes sense.

Mr. Chelminiak said he would like to have a discussion and find a solution related to the \$250,000 for East Link legal services. He feels this is exorbitant considering where the City is in the legal process related to the East Link project.

Mayor Davidson expressed concern that the money is identified for East Link instead of for general outside legal services.

Councilmember Balducci suggested, as a guideline for prioritizing, maintaining items that could not easily be bought back or restored when the economy improves. An example is community events through partnerships with the Bellevue Downtown Association and others, which could not be easily resumed if discontinued at this time. She commended the Parks Department for identifying an alternate funding source for the Youth Link program and Wrap Around program.

Ms. Balducci would like to find a way to provide additional operational funding for arts programming. The Arts Commission has testified that a number of arts and cultural organizations are on the brink of failing at this point, and even small amounts of money could make the difference in keeping them going. She supports adding street lighting back into the budget, and she would like to hear more about the BLS transport proposal. She noted a good faith offer from the firefighters union to lessen the budget impact, and asked the City Manager to continue to pursue this issue.

Councilmember Wallace opposes the residential parking fee proposal. He supports finding a solution for the aid car proposal and restoring full funding for street lights. He would like to maintain the two motorcycle officer positions.

Councilmember Robertson complimented the City Manager and Leadership Team for crafting a fair compromise based on the Council's extensive discussions. She is pleased that the City will

be able to participate in BDA partnership events and Youth Link funding. She agrees with Councilmember Balducci about the importance of arts funding. She supports efforts to reach an agreement with firefighters to fully fund the aid car, and she would like to preserve the two motorcycle officers. She recalled that she was strongly opposed to reducing street lighting. Regarding the blue ribbon panel for economic development, she questioned the cost of this type of effort. This might be a valuable approach, especially if the Economic Development Director position is to remain vacant for some time. She is concerned that a fee for BLS transport might deter some citizens from calling for an ambulance when they or a family member are in trouble. She does not feel this is the right way to go. She noted that it is raining, and the City has a Rainy Day Fund for a reason.

Deputy Mayor Lee said that Budget One has been a good process, which required a great deal of time and effort by staff. He expressed his appreciation for their work. He noted that key priorities include public safety and human services. People live in Bellevue for a reason, and the City provides a quality of life that is not found in all jurisdictions. Mr. Lee said the aid car should be a top priority, and he favors retaining the two motorcycle officer positions. He supports studying probation services to determine the appropriate funding and service level.

Mr. Lee said his list is \$3.5 million and his priorities include street lighting, Youth Link, arts agencies, Downtown economic vitality, Bellevue Downtown Association (BDA) events, the Downtown Livability program, and capital funding for the Bel-Red corridor redevelopment. He supports a capital fund allocation to lobby for federal dollars that will provide Bel-Red infrastructure projects. He has been supportive of funding for neighborhood shopping centers. However, he can let that go if he can be convinced that it is not needed.

Deputy Mayor Lee feels there are adequate resources including carryovers and the Council Contingency (i.e., Rainy Day fund). He noted that staff and citizens have sacrificed, and he feels it is time to take some extraordinary measures.

Mayor Davidson asked that Mr. Lee's comments regarding funding alternatives be captured in a memo for Council discussion next week.

Councilmember Chelminiak noted unmet needs of approximately \$750,000. He asked staff to identify, for next week, available operating money (e.g., reserves) and to comment on whether they would affect the City's bond rating.

At 9:07 p.m., Mayor Davidson declared a short break. The meeting resumed at 9:19 p.m.

Mayor Davidson noted the Council's objection to the BLS transport fee proposal.

Councilmember Wallace said he heard a concern that people not covered by insurance might hesitate to call 911. He questioned whether there might be a balance point in the middle.

Fire Chief Mike Eisner explained that the proposal is to implement transport fees for all BLS transports, which currently number approximately 3,600 annually. The proposal includes a \$450

base fee that would be billed to all patients who are transported. The hope would be to recover that through private insurance and Medicare in approximately 80 percent of the cases. Some surrounding jurisdictions have indicated plans to adopt a similar approach, and some would waive the fee if a person does not have insurance.

Mayor Davidson expressed concern that patients might try to drive themselves to a hospital, even in the midst of a heart attack, for example.

Councilmember Chelminiak feels this is not the appropriate way to close the budget gap.

Responding to the Mayor, Mr. Sarkozy said the outstanding issues he hears are the aid car, motorcycle officers, arts funding, and the Transportation Demand Management (TDM) program. Mayor Davidson said the Council would like staff to look at reserves as a funding mechanism.

Councilmember Degginger noted his interest in the aid car and motorcycle officers, and would like staff to continue to pursue opportunities for cost sharing. Regarding Councilmember Robertson's suggestion for a blue ribbon panel on economic development, Mr. Degginger suggested that this be discussed at the next Council retreat. Mayor Davidson noted that the Council should establish its policy before talking about funding a panel.

Mr. Sarkozy moved to discuss the CIP Plan, which has a more significant funding shortfall as well as certain restricted revenue sources. He suggested developing a list of Council's major concerns and bringing them back next week for discussion.

Planning Director Dan Stroh referred the Council to the list behind the CIP Discussion tab in the budget binders. He noted a new column labeled Funding Source. Unrestricted funds can be applied to any project. A subset of transportation restricted fees is capacity projects that can be funded through impact fees.

Responding to Councilmember Chelminiak, Ms. Hawn recalled that the recent bonds sold at a premium, resulting in an additional \$500,000 that was not anticipated. The bonds are connected to the 3-percent property tax increase from 2009.

Councilmember Wallace said he would like to add the NE 2nd Street project to the list.

Mayor Davidson acknowledged that Councilmembers were not asked to be prepared to discuss CIP items at this meeting. He explained that since it is a short week with Thanksgiving, he thought it might be helpful to identify some priorities in advance for staff.

Councilmember Degginger indicated a need for approximately \$80,000 to complete the electrical reliability study.

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Councilmember Wallace reiterated his interest in identifying synergistic projects to go with the light rail discussion. He feels this should include an evaluation of Bellevue Way. He requested further discussion about impact fees for the Bel-Red corridor and how they can be applied.

At 9:38 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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