

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

May 16, 2011
8:00 p.m.

Council Chamber
Bellevue, Washington

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

ABSENT: Councilmember Degginger

1. Call to Order

The meeting was called to order at 8:10 p.m., with Mayor Davidson presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers except Councilmember Degginger were present. Deputy Mayor Lee led the flag salute.

(a) State of the County Report

Mayor Davidson welcomed King County Councilmember Reagan Dunn to provide an update to the Council.

Councilmember Dunn reported that the 10-year strategic plan for public transportation will significantly change service hours, given the current economy. Metro is potentially facing the reduction of 600,000 service hours, and is pursuing system efficiencies as well as additional funding. He provided an update on the King County budget and the pending redistricting of the nine King County Council seats.

Councilmember Balducci noted Deputy Mayor Lee's service on the Regional Transit Committee, as a representative for the Suburban Cities Association. She would like Bellevue to gain a position on this committee. Councilmember Dunn said he will work on this issue.

Responding to Ms. Balducci about Metro planning, Councilmember Dunn said the King County Council needs to take action in August in order to get a funding measure onto the fall ballot. He welcomed input from the Bellevue City Council on this issue. Councilmember Balducci thanked him for the report and for his service on behalf of Bellevue residents.

(b) Asian Pacific American Heritage Month

Mayor Davidson read a proclamation declaring May as Asian Pacific American Heritage month in Bellevue, and presented the proclamation to Deputy Mayor Lee.

On behalf of Bellevue Asian Americans, which represent 27 percent of the population, Deputy Mayor Lee thanked the Council for the recognition.

(c) National Police Week 2011 Proclamation

Mayor Davidson read a proclamation in honor of Police Week and recognizing May 15 as Peace Officer Memorial Day, and presented it to Police Chief Linda Pillo.

Chief Pillo thanked the Council for appreciating the vital role of law enforcement officers and Police Department administrative support.

(d) National Safe Boating Month

Mayor Davidson read a proclamation declaring May 21-27 as National Safe Boating Week in Bellevue. He presented the proclamation to a representative of the Bellevue Sail and Power Squadron, who commented on the importance of boating education.

3. Communications: Written and Oral

- (a) Sue Baugh, spoke on behalf of Move Bellevue Forward, which advocates for sustainable growth, long-term economic vitality, and infrastructure investments that support a strong, diversified community. Terry Lukens said that Move Bellevue Forward supports light rail service to Bellevue and a move toward mitigation discussions with Sound Transit related to the B2M alignment. He expressed concerns about the cost of the proposed B7-Revised alternative, which he feels threatens Bellevue's ability to obtain a Downtown Tunnel. Ms. Baugh noted the costs of consultant studies related to the original B7 route, and the recent expenditure on consultants to analyze the B7-Revised alternative. Move Bellevue Forward is opposed to the B7-Revised alignment, and would like for no more tax dollars to be spent on this alternative. Ms. Baugh said the current ARUP study demonstrates that the B7-Revised route costs approximately \$160 million more than the B2M alternative.
- (b) Hannah Kimball, representing the Bellevue Network on Aging and the Kirkland Senior Council, expressed concerns about providing affordable housing for seniors, especially for those who qualify for Medicaid care in East King County. Ms. Kimball urged the Council to consider the value of preserving the Evergreen Court housing in its decision scheduled for later in the meeting.
- (c) Renay Bennett, representing Building a Better Bellevue, commended the City Council and ARUP, its consultant, for its study of the B7-Revised alignment. She noted that the work demonstrates that the B7 option is technically feasible, operationally superior, and

financially smart for Sound Transit and future users of East Link light rail. Ms. Bennett said ARUP has identified opportunities for cost savings, which could total \$150 million. This money could be used toward the Downtown Tunnel. Ms. Bennett said that Building a Better Bellevue is pleased that ARUP's work has substantially validated the City's technical experts' work, which last fall showed a number of advantages with the B7 route. She noted that any future freight rail use of the BNSF rail corridor is not realistic. Sound Transit and the Port of Seattle have indicated that rail banking will not apply as easements are now being granted to other private parties, such as Puget Sound Energy, for the use of the BNSF corridor. Ms. Bennett urged the Council to demand that Sound Transit wait to issue its final Environmental Impact Statement, and to not select its final preferred alignment, until all of the City's studies are completed.

- (d) Andrew McCormick, representing Eastside Audubon, spoke about the importance of preserving the natural habitat of the Mercer Slough. Eastside Audubon is opposed to the B7-Revised alignment and supports the B2M route. Mr. McCormick submitted his comments in writing.
- (e) Margot Blacker noted her former service on the City Council, Storm and Surface Water Advisory Commission, and the Planning Commission. She expressed concerns regarding pending appointments to the Planning Commission, and spoke to the need for members who are not biased and are not political. Ms. Blacker said it is important for Planning Commissioners to understand the necessary balance of government regulations, preserving a certain quality of life, and the protection of private property rights.
- (f) Lloyd Jacobs expressed concern that the Council is engineering Segments B and C of the East Link light rail project. He opined that tonight's discussion represents little fact finding. He expressed concern that the Council is looking for the answers that it wants, and not for facts. Mr. Jacobs observed that the Council is championing opportunities and minimizing the risks.
- (g) Greg Russell, DASH (Downtown Action to Save Housing), expressed appreciation for the Council's consideration and staff's hard work related to the Evergreen Court project. He encouraged the Council to support the funding request.
- (h) Hal Ferris, Chair of the Planning Commission, noted his agreement with Margot Blacker's comments. He stated that the Commission has been working on the Shoreline Master Program for more than three years, and has heard hundreds of hours of testimony by expert witnesses, scientists, and citizens. He urged the Council to approve term extensions for both William Lai and Douglas Matthews to complete discussions on the Shoreline Master Program. Mr. Ferris explained that there have been concerns in the past by the Washington Sensible Shorelines Association because one Planning Commissioner was not able to attend the meetings regularly for a period of time. The Association was concerned that the Commissioner was not hearing all of the testimony and discussions. After that, the Planning Commissioner was able to attend the meetings in which the Shoreline Master Program was discussed. Mr. Ferris reiterated the importance of maintaining continuity.

- (i) Lance Latimer, Teen Center Director for the Boys and Girls Club of Bellevue, introduced Mutila Musee, the 2011 Youth of the Year. Ms. Musee moved here as a young child from Kenya and is a junior at Bellevue High School. She described her community service activities and her interest in becoming a pediatrician.
- (j) Scott Lampe, Co-Chair of the Surrey Downs East Link Committee, commended the Council for its support of the ARUP study on the B7-Revised light rail alignment alternative. He noted that construction of the B2M alignment will include lane closures on Bellevue Way, and that this work will coincide with the construction of express toll lanes on I-405 through Bellevue. Mr. Lampe expressed concern that traffic demand on local arterials will increase as tolling becomes more prevalent in the region.

4. Reports of Community Council, Boards and Commissions

- (a) Report on Universal Design from The Bellevue Network on Aging

Hannah Kimball and Tom Minty described the concept of Universal Design, which refers to the design of all products and environments to be as usable as possible by as many people as possible, regardless of age, ability, or situation. The Housing Committee of the Bellevue Network on Aging has identified Universal Design as a priority. Ms. Kimball noted that Mr. Minty is a realtor and the founder of Able Environments, which focuses on accessible homes and Universal Design. He has been a member of the Northwest Universal Design Council for the past seven years, and serves as Vice Chair for the Advisory Council on Aging and Disability Services for Seattle and King County.

Mayor Davidson thanked the visitors for the report. Councilmember Balducci requested additional information in a future presentation.

5. Report of the City Manager

- (a) Management Brief Providing Draft Letter to King County Districting Committee

City Manager Steve Sarkozy referred the Council to the proposed draft letter to the King County Redistricting Committee on page 5-3 of the meeting packet.

Diane Carlson, Director of Intergovernmental Relations, noted that the Redistricting Committee is meeting on May 23 to begin its discussion of the comments received during public hearings. The draft letter advocates for maintaining two County Council districts for Bellevue, continuing to group cities with similar interests, and maintaining three districts/representatives for the Eastside.

Responding to Councilmember Balducci, Ms. Carlson said she is not aware of the City of Mercer Island's position on redistricting. She noted it is possible that Mercer Island could be moved to the west. Councilmember Balducci proposed, in addition to the letter, reaching out to the City of Mercer Island to determine whether there are common interests. She believes it makes sense for

Bellevue and Mercer Island to remain in the same district or to share a common district.

→ Councilmember Chelminiak moved to authorize the Mayor to sign the draft letter, and Councilmember Robertson second the motion.

→ The motion carried by a vote of 6-0.

(b) Update on NE 12th Street Bridge

Mr. Sarkozy provided an update regarding recent comments to the City Council about the NE 12th Street bridge, which was reconstructed as part of the SR 520 braided ramp project. It is currently carrying only westbound traffic as a result of damage incurred with the removal of the old bridge. Restricted access will continue until safety concerns and testing are fully addressed. A more thorough report regarding the overall WSDOT SR 520 braided ramp project and NE 12th Street bridge will be presented to the Council on June 6.

(c) Postponing Agenda Item 8(f) to June 6

Mr. Sarkozy asked that Agenda Item 8(f) be removed from the Consent Calendar and postponed to a future meeting to allow time to respond to questions and requests for information.

6. Council Business and New Initiatives

(a) Request to name Visit Bellevue Washington as the Official Destination Marketing Organization for the City

Mayor Davidson referenced page 6-1 of the meeting packet, which describes a request to the Council to recognize Visit Bellevue Washington as the official destination marketing organization. He recalled the Council presentation on this topic on March 21.

→ Deputy Mayor Lee moved to endorse Visit Bellevue Washington as the official destination marketing organization for the City. Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

(b) Council Reports

Councilmember Balducci said she, Mayor Davidson, and Deputy Mayor Lee attended the grand opening of the Bellevue branch of the HSBC Bank. Councilmember Balducci met with Puget Sound Regional Council (PSRC) staff, City staff, and Pierce County Executive staff to develop a work plan for consideration by the PSRC Transportation Policy Board. She attended the second Neighborhood Forum, which focused on diversity and featured a panel of regional experts. Councilmember Balducci thanked the Police Department for working with East Bellevue and the overall community to address the increasing number of burglaries. Ms. Balducci participated in the recent National Alliance on Mental Illness (NAMI) fundraising walk in Kirkland.

Councilmember Wallace reported that he attended the Eastside Transportation Partnership meeting, and he noted his concern regarding the amount of revenue generated on the Eastside and used to provide bus service in Seattle. He attended the Overlake Hospital Medical Center Bandage Ball.

→ Councilmember Wallace moved to appoint John Carlson and Diane Tebelius to the Planning Commission, and Deputy Mayor Lee seconded the motion.

Councilmember Balducci explained that she will be voting against the appointments, but that this is unrelated to her position on the specific individuals. She concurred with Planning Commission Chair Hal Ferris' comments about the importance of extending the terms of Commissioner Lai and Commissioner Matthews until the Shoreline Master Program discussions are concluded. The Planning Commission has been reviewing and studying the program for the past three years, and she supports allowing them to continue in the process. Ms. Balducci observed that, in the lawsuit regarding the use of light rail on the I-90 bridge, the Supreme Court recognized the importance of providing continuity in hearing the case. She believes that this approach makes good sense for the City's Shoreline Master Program update as well, and she noted that the Council has extended terms in the past in specific situations.

Deputy Mayor Lee commented that he supports the Council liaison's recommendation regarding the Planning Commission appointments. He observed that the Council's appointments have not traditionally been political in nature. He thanked the applicants for their interest in serving their community, and encouraged moving forward with the appointments.

Councilmember Chelminiak stated that this is the first time he has seen discussion from the public related to Board and Commission appointments. He expressed concern that an individual he selected for the Parks and Community Services Board was not renewed. However, the individual was not aware of this decision because a message was left on his voicemail. Mr. Chelminiak said this is not the typical process for handling Board and Commission appointments. In the past, a letter was sent by the Mayor inviting incumbents to reapply for the Board or Commission.

Councilmember Chelminiak noted that Diane Tebelius is a Board Member of the Washington Sensible Shorelines Association. He asked Councilmember Wallace to check on whether that works well with serving on the Planning Commission. Mr. Chelminiak suggested that Councilmember Wallace and Ms. Tebelius might want to discuss the matter with the City Attorney.

Councilmember Wallace explained that the issue of continuity related to the Shoreline Master Program discussions was considered heavily in developing the Planning Commission appointment recommendations. Mr. Carlson and Ms. Tebelius were top candidates in terms of experience with shoreline management issues. Mr. Wallace noted that there are five additional Planning Commissioners. He recalled that all Councilmembers were invited to participate in the Planning Commission interviews. Deputy Mayor Lee and Councilmember Robertson participated in the interviews, as did City staffer Paul Inghram.

- The motion carried by a vote of 5-1, with Councilmember Balducci opposed.
- Councilmember Chelminiak moved to appoint Cyrus Habib and Olga Perelman to the Human Services Commission, and Councilmember Robertson seconded the motion.

Mr. Chelminiak commented on the experience and qualifications of the recommended individuals.

- The motion carried by a vote of 6-0.

Mayor Davidson noted that the Council will hold a special fifth meeting this month on Tuesday, May 31.

Councilmember Robertson attended meetings of the I-90/Eastgate Citizen Advisory Committee and the PSRC Growth Management Policy Board. She met with King County Councilmember Jane Hague and a school district attorney regarding the Growth Management Planning Council and issues related to schools outside of the urban growth boundary. She and Mayor Davidson met with members of the Bridle Trails Community Club to listen to their concerns about accessory dwelling units, and Ms. Robertson participated in the Planning Commission interviews. She met with a group that is creating a “Cradle to Career” program [Program name is Eastside Pathways]¹, which focuses on mentoring children throughout their lives and is based to some extent on the Wrap Around Services Program. Councilmember Robertson attended the Overlake Hospital Medical Center Bandage Ball and Rotary dinner.

Councilmember Robertson recalled and reiterated a question she posed on April 11 about the SEPA process for the NE 4th Street extension project. She has not received the requested information.

City Manager Sarkozy said an update on the NE 4th Street project is scheduled for the Council.

Deputy Mayor Lee reported that he attended a number of functions already mentioned including the Rotary dinner and the Neighborhood Forum. He attended a meeting of the Regional Transit Committee. Mr. Lee met with Ron Sims, HUD Deputy Secretary, regarding Bellevue’s assets and economic development. Deputy Mayor Lee attended a conference sponsored by the Federal Asian Pacific American Council (FAPAC) as well as Police Week activities.

Mayor Davidson said he would forego his report in the interest of time.

7. Approval of the Agenda

- Deputy Mayor Lee moved to approve the agenda, and Councilmember Robertson seconded the motion.
- The motion to approve the agenda carried by a vote of 6-0.

¹ Approved as amended during June 20, 2011, Regular Session to reflect correct program name.

8. Consent Calendar

- Deputy Mayor Lee moved to approve the Consent Calendar, amended to exclude Agenda Item 8(f), and to incorporate the revision suggested by Councilmember Robertson to the April 18 Regular Session meeting minutes, as presented in the desk packet. Councilmember Robertson seconded the motion.
- The motion to approve the Consent Calendar, as amended, carried by a vote of 6-0, and the following items were approved:
 - (a) Minutes of April 11, 2011 Extended Study Session
Minutes of April 18, 2011 Study Session
Minutes of April 18, 2011 Regular Session *[As revised in Council desk packet]*
Minutes of April 25, 2011 Extended Study Session
 - (b) Resolution No. 8226 authorizing execution of an amendment to the professional services agreement for appraisal services with Terra Property Analytics, LLC, increasing the contract amount by \$38,000, for a total contract amount of \$87,000.
 - (c) Motion to award Bid No. 11086 for the Uninterrupted Power Supply (UPS) Battery Replacement to All Battery Sales and Service, in the amount of \$49,248.95, as the lowest responsible and responsive bidder.
 - (d) Resolution No. 8227 authorizing execution of a two-year professional services contract with TCA Architecture Planning, in an amount not to exceed \$137,664, to provide architectural and design services for the renovation of Fire Station 5.
 - (e) Resolution No. 8228 authorizing execution of a three-year Microsoft Enterprise Agreement for required Microsoft software licenses, in an amount not to exceed \$1,163,349, with anticipated annual true-ups, that are necessary for the continued and future utilization of Microsoft software products by the City.
 - (g) Motion to reject all bids on Bid No. 11075 to complete electrical and lighting improvements for the Bannerwood and Wilburton Hill Park Sportsfield Lighting Replacement projects, revise the project specifications, and rebid the project at a later date.
 - (h) Resolution No. 8230 authorizing execution of a two-year professional services agreement with Gordon Hamasaki, in an amount not to exceed \$120,000, for Police Department Forensic Photography services.
 - (i) Resolution No. 8231 adopting the City of Bellevue 2012-2017 Transportation Improvement Program (TIP).

- (j) Resolution No. 8232 authorizing execution of an Interlocal Agreement with King County Metro, in an amount not to exceed \$23,985, for commute trip reduction services at Transportation Management Program sites.
- (k) Resolution No. 8233 authorizing execution of a Right-of-Entry Agreement between the City and the Washington State Department of Transportation, for construction of improvements related to the SR 520 Eastside Transit and HOV Project over and across King County Parcel 247270-0056.
- (l) Ordinance No. 5999 regarding the Bellevue Harbor Code, Title 12 of the Bellevue City Code and amending certain existing sections addressing recreational boating safety and vessel registration.

Item Postponed:

- (f) Resolution No. 8229 repealing Resolution No. 4083 and establishing a new policy and procedure for naming public parks and park and recreation facilities.

9. Public Hearings: None.

10. Land Use

→ Councilmember Robertson moved to extend the meeting until 10:30 p.m., and Deputy Mayor Lee seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-0.

- (a) *Continuation of the appeals before the City Council (after remand to Examiner) of the Hearing Examiner's July 20, 2009, Decision concerning the Conditional Use Permit application of Kemper Development Company to prepare and activate a private-use Helistop located on top of the Bank of America Building at 10500 NE 8th Street. (Hearing Examiner File No. 08-35262-LB.)

Mayor Davidson noted continued consideration of the appeal before the City Council regarding the Hearing Examiner's July 20, 2009, decision on the Conditional Use Permit (CUP) application by Kemper Development Company for a helistop. On April 25, the Council directed staff to develop additional conditions and to prepare an ordinance for Council action.

Kate Berens, Deputy City Attorney, described the quasi-judicial process. She recalled that appeals were brought by Su Development and Ina Tateuchi et al on the decision of the Hearing Examiner to grant the CUP with conditions. The respondents to the appeal were the applicant, Kemper Development Company, and the Director of the Development Services Department. Final action by the Council is anticipated tonight.

Ms. Berens noted that Councilmembers act as judges in quasi-judicial matters, and must maintain fairness and impartiality. Under Council Rules, City Councilmembers are not able to

discuss the pending application or appeal with anyone if members of the public contact them directly.

Ms. Berens noted that a recap of the proceedings on this matter was provided during the April 25 discussion. On that date, the Council provided direction to staff to prepare an ordinance denying both appeals, and to add and amend conditions to clarify certain reporting requirements and consequences related to deviations from conditions imposed on the permit and operation of the helistop. The proposed ordinance, with revised and additional conditions, is provided in the Council meeting packet.

Ms. Berens recommended that the Mayor give Councilmembers an opportunity to once again disclose any ex parte communications they may have had with any parties to the appeal, or with any other person supporting or opposing the application. She stated that ex parte communications disclosed to date do not need to be repeated. Ms. Berens said that six emails relating to communications from citizens were identified as of today. These emails were provided to the counsel for the parties late this afternoon via email, and have also been made available in hard copy this evening.

Mayor Davidson asked Councilmembers to disclose any ex parte communications that have occurred since April 25, other than those to the Council that have been identified by City staff as of today.

Councilmember Balducci reported that she received one email asking about her position on this matter. She replied to the individual that she would communicate about this matter upon completion of the quasi-judicial process. These emails were forwarded to the City Clerk.

Councilmember Wallace said he had no ex parte communications.

Mayor Davidson disclosed that in speaking to a group of Boy Scouts, a number of them had questions about helicopters. He explained to them that he could not discuss the helistop matter.

Deputy Mayor Lee said he had no ex parte communications.

Councilmember Robertson said she had no ex parte communications to disclose. She noted that, although she was absent from the April 25 meeting due to illness, she watched the discussion on television and is up to date on the process.

Councilmember Chelminiak said he had no ex parte communications.

Mayor Davidson noted that the matter remains quasi-judicial for one week after the Council's decision.

Ms. Berens reviewed the next steps in the process. The Council now has the opportunity to deliberate and take action on the proposed ordinance denying the appeals and approving the Conditional Use Permit (CUP), with conditions. Ms. Berens reminded the Council that the appellants bear the burden of proving that the Hearing Examiner's decision to grant a permit

with conditions is not supported by material and substantial evidence. The Council may grant the appeal, or grant the appeal with modifications, if the appellants have carried the burden of proof and if the Council finds that the decision of the Hearing Examiner is not supported by material and substantial evidence. In all other cases, the appeal shall be denied. The City Council shall accord substantial weight to the decision of the Hearing Examiner. Ms. Berens reviewed the legal definitions of material and substantial.

Ordinance No. 6000 granting a Conditional Use Permit with conditions, on the application of Kemper Development Company for a private use helistop on the roof of the Bellevue Place Bank of America Building at 10500 NE 8th Street, Application No. 08-135262-LB; denying the appeal of said Conditional Use Permit filed by Su Development Company; denying the appeal of said Conditional Use Permit filed by Ina Tateuchi, et al.; and establishing an effective date.

→ Councilmember Chelminiak moved to adopt Ordinance No. 6000, which includes the Council-directed added and amended conditions. Councilmember Robertson seconded the motion.

Councilmember Chelminiak said he believes that the changes made by the Council have strengthened the decision and brought clarity to the decision. However, he noted the need to review and evaluate the rules and regulations related to helistops in the near future.

→ The motion to adopt Ordinance No. 6000 carried by a vote of 6-0.

Councilmember Balducci raised the issue of imposing a moratorium on helistop facilities. She indicated that she asked staff to provide an analysis and options for the Council's consideration. This information was provided to the Council in a memo dated May 16. The proposed options are to: 1) Adopt a moratorium and evaluate helicopter landing facility location issues as a separate work program, or, 2) Initiate a targeted code amendment immediately to prohibit all but emergency helicopter facilities citywide, and to delay any broad study of private helicopter landing facilities until funded as part of a future code amendment work program item.

Ms. Balducci said she favors option 2, which is a code change instead of a moratorium. While this is only the second application since the 1980s, Councilmember Balducci said she would like to address the issue before another application can be filed.

Deputy Mayor Lee said he is willing to take a look at the code requirements, but he is not necessarily in favor of an immediate prohibition.

Councilmember Robertson said she believes that moratoriums should be carefully used. She noted that the Bank of America Building is currently the only one that will support a helistop facility. While she does not anticipate any additional helistop applications in the foreseeable future, she supports addressing the topic as a Downtown Livability item. She believes there are a number of other zoning codes that should be reviewed as well.

Mayor Davidson recalled that there was a helicopter landing facility in Bellevue many years ago. He suggested adding this topic to the agenda for the May 31 Special Meeting.

Deputy Mayor Lee concurred with Ms. Robertson's comments, and suggested that there are higher priorities for discussion at this time.

Councilmember Chelminiak said he supports scheduling the item for May 31.

Councilmember Wallace noted that he needs to recuse himself from Agenda Item 10(b), and he suggested taking up Agenda Item 11 next.

→ Councilmember Balducci moved to amend the agenda to address Agenda Item 11 before taking up Item 10(b). Deputy Mayor Lee seconded the motion.

→ The motion to amend the agenda carried by a vote of 6-0.

11. Other Ordinances, Resolutions and Motions

- (a) Resolution No. 8234 authorizing execution of all documents necessary to enter into agreements for the funding of affordable housing projects, as recommended by the ARCH Executive Board with certain modified conditions; and authorizing modification of existing agreements for the DASH (Downtown Action to Save Housing) Evergreen Court Apartments.

Mr. Sarkozy reported that Resolution No. 8234 authorizes the execution of all documents necessary to enter into agreements for the funding of affordable housing projects as recommended by the ARCH (A Regional Coalition for Housing) Executive Board, and authorizing a modification of the existing agreement with DASH (Downtown Action to Save Housing) with regard to Evergreen Court Apartments. Mr. Sarkozy recalled previous Council discussions on May 2 and May 9.

Arthur Sullivan, ARCH Program Manager, briefly reviewed amendments to the requirements of the funding agreement, as directed by the Council during previous discussions. These amendments are incorporated into Resolution No. 8234 as presented.

Councilmember Robertson recalled that the Council had a robust discussion about the project's viability for the future. At that time, there were concerns about the pro forma and anticipated revenues, and there was an interest in Councilmember Wallace reviewing the proposed agreement in greater detail.

Mr. Sullivan explained that the proposed Resolution anticipates an additional round of evaluation by another third party. Ms. Robertson indicated that she would prefer to have more information before going forward. She supports the project and providing more affordable housing in Bellevue, but she is concerned about whether it will be viable for the long term.

→ Councilmember Robertson moved to approve Resolution No. 8234, with a change to the final sentence in Paragraph 11 of Section 1 to specify that the City Council will be included in the update to occur before the final selection of a new project management team and the release of funds [i.e., update "...to City and ARCH staff, the ARCH Citizen Advisory Board, and the City Council for their review and approval."]. Deputy Mayor Lee seconded the motion.

Responding to Mr. Lee, Mr. Sullivan said he is unsure about whether this causes an issue with the lender at this point, given the status of the loan. However, if required by the City Council, an update will be provided prior to final selection of the new management team and the release of funds.

Councilmember Balducci asked the Mayor to allow input from the DASH representative on this issue.

Greg Russell stated that DASH's strong preference would be to create a more streamlined process, instead of having to return to the full Council for a formal vote. The lender would like to see the financing move forward. King County is holding up its funds contingent on the City's action. Mr. Russell expressed concern that the amendment will be viewed as conditional approval with an additional delay. He is concerned about how quickly the additional pro forma review could be completed.

Turning to City staff, Councilmember Balducci questioned the likelihood of being able to bring back the requested information and take another Council vote. City Manager Sarkozy suggested that the item could be added to the May 31 Special Meeting agenda.

Mr. Sullivan noted that the condition involves bringing in a third party to review the financial restructuring. He believes this is not feasible within the next couple of weeks.

→ As a substitute motion, Councilmember Balducci moved to approve Resolution No. 8234 as presented by staff. Councilmember Chelminiak seconded the substitute motion.

Councilmember Balducci acknowledged the risks involved with the funding request. However, she noted there are significant risks associated with not moving forward.

Councilmember Robertson suggested that there is enough time for the Council to review additional information and to take action before the next monthly meeting of the ARCH Citizen Advisory Board. Mr. Sullivan clarified that his previous comment was expressing his concern that two weeks would not be adequate for a thorough third party review.

→ Councilmember Wallace moved to extend the meeting by 15 minutes, and Councilmember Balducci seconded the motion.

→ The motion to extend the meeting carried by a vote of 6-0.

Councilmember Wallace expressed support for Councilmember Robertson's motion. He cannot support the original Resolution because he believes that sufficient due diligence has not been completed. Mr. Wallace said it is not prudent to spend \$1.3 million given the realistic potential for foreclosure in the future.

Responding to Councilmember Chelminiak, Councilmember Balducci clarified her interest in making a definitive decision for DASH and ARCH tonight.

- The substitute motion failed by a vote of 3-3, with Mayor Davidson and Councilmembers Balducci and Chelminiak in favor.
- The main motion to approve Resolution No. 8234, as amended, carried by a vote of 5-1, with Mayor Davidson opposed.

Councilmember Chelminiak suggested a refresher on parliamentary procedure for the Council.

10. Land Use

- (b) *Consideration of the application of Group Mackenzie for a Conditional Use Permit to construct a health club within the Kelsey Creek Center, an existing commercial center. The project site is approximately 15 acres and is located at the corner of 148th Avenue SE and Main Street. The site is zoned Community Business and is located within the jurisdictional area of the East Bellevue Community Council. File No. 11-103765 LB.

Ordinance No. 6001 approving the conditional use permit application of Group Mackenzie to locate a health club in the Kelsey Creek Center, 15015 Main Street; file No. 11-103765-LB.

At 10: 35 p.m., Councilmember Wallace recused himself and left the Council Chamber.

Carol Helland, Land Use Division Director, provided a brief summary regarding the Conditional Use Permit (CUP) application of Group Mackenzie to locate a health club in the Kelsey Creek Center. She requested Council action on Ordinance No. 6001, provided on page 10-31 of the meeting packet.

- Councilmember Balducci moved to adopt Ordinance No. 6001, and Councilmember Robertson seconded the motion.
- The motion to adopt Ordinance No. 6001 carried by a vote of 5-0, with Councilmember Degginger absent and Councilmember Wallace recused.

12. Unfinished Business: None.

13. Continued Oral Communications: None.

14. New Business: None.
15. Executive Session: None.
16. Adjournment

Mayor Davidson declared the meeting adjourned at 10:37 p.m.

Myrna L. Basich, MMC
City Clerk

/kaw