

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

December 5, 2011
6:00 p.m.

Council Conference Room
Bellevue, Washington

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

ABSENT: Councilmember Robertson

1. Executive Session

Deputy Mayor Lee called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss one item of pending litigation and one item of labor negotiations.

The meeting resumed at 7:09 p.m., with Mayor Davidson presiding.

2. Study Session

(a) Continue Discussion on Mid-Biennium Budget Update

City Manager Steve Sarkozy opened discussion regarding the Mid-Biennium Budget Update. He reiterated that staff has been effective at managing expenditures throughout the economic downturn. However, as the Council knows, there is a budget shortfall that needs to be resolved.

Mr. Sarkozy said the 2012 budget does not need to be completely balanced at this time. However, staff is asking the Council to consider taking action on the property tax levy, banked levy capacity, and BLS transport fees at this time. Action on the overall Budget ordinance can be postponed if desired by the Council.

Finance Director Jan Hawn referred the Council to Attachment A of the meeting packet [Page SS 2-7], which is a list of items that the Council restored to the 2011-2012 Budget before adoption in late 2010. Attachment D summarizes management actions with potential impacts to front line services. Attachment E presents revenue options. Attachment F is the City Manager's list of the next reductions to be considered. Attachment G responds to questions about the proposed Basic Life Support (BLS) transport user fee.

Responding to Mayor Davidson, Ms. Hawn said that 2011 Sales Tax and B&O Tax collections are slightly lower than 2010 levels.

Mayor Davidson noted that a negotiating group is requesting a 3.7 percent cost-of-living pay increase, yet the City is receiving less revenue. He observed that meeting that request takes money away from other areas of the budget. Ms. Hawn said that is a policy matter for the Council to consider.

Mayor Davidson said he would like to see public safety personnel make some concessions in this regard, in order to help to balance the budget and to maintain public safety service levels. He noted remaining budget decisions for the Council related to the property tax and proposed BLS transport fees.

Mayor Davidson referred the Council to page SS 2-33 of the meeting packet for the list of revenue options identified by staff. He suggested the Council discuss the BLS transport user fee.

Mayor Davidson recalled his previous concern about how insurance companies view the practice of providers writing off co-pays and deductibles, as is proposed for Bellevue residents. According to information from the Insurance Commissioner's Office, there apparently is no law preventing the City from waiving those charges.

Councilmember Degginger opined that the issue addressed by the Mayor applies to Medicare and Medicaid patients, but not necessarily to individuals with private insurance.

Fire Chief Mike Eisner said there is no prohibition on the City's ability to waive co-pays and deductibles for City residents, and there is no indication that private insurers will object.

Responding to Deputy Mayor Lee, Chief Eisner said the revenue estimate includes an assumption about waiving certain charges for Bellevue residents.

Mayor Davidson stated that he will support the BLS transport fee conditionally for one year, at which time he would like to review data on actual usage and fee payments. Chief Eisner said the City will closely monitor the program.

Deputy Mayor Lee recalled that his initial reaction to the proposed fee was not favorable, because BLS transport is a basic service that the City has been funding. However, he noted that the proposal does not apply to Advanced Life Support (ALS) care and transport for life-threatening situations, which will continue to be part of the City's routine services. Mr. Lee said he will support the proposed fee.

Responding to Councilmember Balducci, Chief Eisner said the financial aid threshold for receiving a waiver of certain BLS transport fees is higher than the federal poverty threshold. He noted that the City's proposed fee guidelines are consistent with those used by local hospitals. Ms. Balducci said she is concerned about the burden of the fees on lower income citizens.

Councilmember Balducci said she is hesitant to take action on the property tax levy and budget ordinances until other budget proposals are resolved.

Councilmember Degginger said he continues to have serious concerns about charging for a service that the City has provided for years without charge. There has been no policy change to justify the proposed fee, which is instead a response to the fiscal circumstances of the City. Mr. Degginger said that citizens could have a private car service take them to the hospital at a much lower cost. He is having trouble with the lack of a policy rationale to support the proposal.

Mayor Davidson questioned whether potential BLS patients will be given the option to drive themselves to the hospital. Battalion Chief LaFave said the current practice is to advise patients who are not in life-threatening situations of the option to get themselves to the hospital. He does not believe that implementing a transport user fee will change the way that Fire Department personnel interact with the public.

Councilmember Degginger speculated that it will be a matter of only a couple of years before insurance companies decide to take a different approach to the reimbursement of ambulance services.

Deputy Mayor Lee said it is unfortunate that the City's budget situation is not better. He would prefer to continue providing the service at no charge, as the City has done in the past, but understands that the revenue is needed.

Councilmember Chelminiak said he has a better understanding of the ramifications of the proposal in terms of what happens to patients between the time that they have been treated for their injuries and the decision to get them to the hospital. However, he observed that this is a tax that is being presented as a fee.

Mr. Chelminiak said he is not prepared to take action until the Council receives more information with regard to issues involving the labor unions and potential budget tradeoffs.

Councilmember Wallace concurred with Mr. Chelminiak's comments.

Mayor Davidson confirmed that Council would postpone action until the following week. He suggested moving on to the property tax. A three percent increase would generate \$1.1 million in revenue, which is the same amount to be generated by the BLS user fee. Dr. Davidson said another option is a 0.4 percent increase to the utility tax to generate \$1.1 million.

Councilmember Chelminiak reiterated that he is not ready to make a decision without seeing the entire revenue picture.

Responding to Mr. Degginger, Ms. Hawn said staff could provide a comparison of property tax and utility tax levels with other jurisdictions for review the following week.

Mr. Degginger said that the \$1.1 million budget gap, which is addressed by Attachment E Revenue Options, is not the only shortfall in the budget.

Councilmember Chelminiak noted the issues of cost-of-living pay increases in certain union contracts and a budget gap of \$2.7 million. He observed that it is very likely that some state funding currently going to cities will be redirected to other priorities. He believes that the Council does not propose to close the entire budget gap through revenue enhancement.

Councilmember Wallace said he shares the general reaction of the Council that the proposed revenues options are somewhat awkward and unanticipated.

Mayor Davidson concurred, and commented on the challenge of trying to close the budget gap and continue current City services without raising taxes.

Responding to Councilmember Degginger, Ms. Hawn reviewed Attachment F [Pages SS 2-35 through SS 2-37], additional cost-saving management actions proposed by the City Manager. Responding to Mr. Degginger, Ms. Hawn confirmed that some of these actions might still be necessary, even if the BLS transport fee is adopted.

Mayor Davidson noted the need to move to the Regular Session. Councilmember Degginger encouraged taking up the electrical reliability item during the Regular Session, given the individuals present who have been working on the issue for a number of years.

(b) Electrical Reliability Study Update

[Item moved to Regular Session, Agenda Item 5(c).]

3. Discussion

- (a) Consideration of the application of the Boys & Girls Club of Bellevue for a Conditional Use Permit to operate a youth center in the former Lake Hills Library at 15228 Lake Hills Boulevard. Currently, the applicant operates after school commuter classes in the adjacent Lake Hills Club House owned by the City. Both locations are in the jurisdiction of the East Bellevue Community Council. File No. 11-119329 LB.

Councilmember Balducci asked about outreach efforts and community feedback on the application of the Boys and Girls Club of Bellevue to use the former Lake Hills Library for youth programs.

Carol Helland, Land Use Director, provided a brief overview of the conditional use permit (CUP) proposal. The youth center will serve middle school and early high school students, including low-income students. There has not been any public comment on the proposal. A courtesy hearing was held before the East Bellevue Community Council, which supports the proposal. The Boys and Girls Club is planning some music events at this location, which will end

by 10:00 p.m. Ms. Helland said modifications will be made to the facility to mitigate potential noise impacts, and ongoing noise monitoring is required.

Deputy Mayor Lee said it is important to ensure that noise impacts are mitigated.

Responding to Ms. Balducci, Ms. Helland said residents within 500 feet of the facility received notices about the proposed conditional use, and a sign is posted at the site. Public notice of the application was also published in the East Bellevue Community Council meeting agenda and the City's weekly permit bulletin. Ms. Helland said the project has been discussed at a couple of Community Council meetings that she has attended, which also had other citizens present who were interested in the proposal.

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

Myrna L. Basich, MMC
City Clerk

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