

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

November 19, 2018
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Chelminiak, Deputy Mayor Robinson, and Councilmembers Lee, Nieuwenhuis, Robertson, Stokes, and Zahn

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:03 p.m., with Mayor Chelminiak presiding. There was no Executive Session.

2. Study Session

- (a) Identification of Council's Preferred Grand Connection I-405 Crossing Alternative and Direction on Next Steps

City Manager Brad Miyake introduced discussion regarding the Grand Connection, which is a non-motorized corridor connecting Meydenbauer Bay and the Downtown with the Wilburton area and the Eastside Rail Corridor trail east of I-405.

Mac Cummins, Director of Community Development, introduced Arun Jain, the new Assistant Director for the department's planning group.

Mr. Cummins said staff is requesting Council direction regarding a preferred alternative for the I-405 crossing of the Grand Connection. Staff will proceed with design refinement of that alternative and return in the future to discuss the strategy and cost estimates. He recalled that in May, the Council received the written report on Sequence 2 (I-405 crossing) with three alternatives for consideration.

Mr. Cummins said the choice of an alternative involves considering how it fits with other strategic planning objectives in the areas of economic development, tourism, and placemaking. He said the City's work with Meydenbauer Center and Visit Bellevue Washington staff contemplates significant placemaking projects in and around the convention center including hotels, restaurants, public spaces, and light rail/transit facilities.

Emil King, Strategic Planning Manager, presented a map depicting the 1.5-mile Grand Connection route. He highlighted the timelines for both the Grand Connection and Wilburton Study planning processes. He noted that the Draft Environmental Impact Statement (DEIS) has been completed for the Wilburton Study.

The visioning goals for the Grand Connection include opportunities for public spaces, integration with future development opportunities and the Wilburton Commercial Area, interface with the Eastside Rail Corridor and 116th Avenue NE, and a signature design and experience.

The three alternatives identified for the I-405 crossing are: 1) sculptural bridge, 2) linear bridge, and 3) lid park. Mr. King noted that funding will be a significant issue and the City will not be the sole contributor. The selection of an alternative will enable staff to move forward with design refinement and with efforts to secure regional and federal partners. Mr. King said the Grand Connection is anticipated to stimulate development and additional partnerships for placemaking and public spaces. He said the City has received input regarding the Grand Connection from the Bellevue Downtown Association, Visit Bellevue Washington, and Meydenbauer Center.

Mr. King compared the following features of the alternatives: travel distance, parks and open space, crossing width, surface area covering the freeway, stormwater facilities, and overall project costs. A comparison of the merits of the three alternatives was based on the following performance measures: 1) I-405 crossing cost, 2) constructability, 3) timing, 4) user experience, 5) travel distance and accessibility, and 6) the implications for the City-owned Lincoln Center parcel.

Alternative 1 is a 65-foot wide sculptural bridge that aligns with NE 6th Street in the Downtown and expands into a large park on the east side of I-405. Alternative 2 includes a linear bridge aligned with NE 5th Street that connects to a large park in the Wilburton area. Alternative 3 is a lid park that places the majority of the park and open space directly over the freeway.

Mr. King highlighted the next steps: 1) design refinement, 2) environmental review, 3) continued stakeholder and public engagement, 4) exploration and identification of funding sources, and 5) identification of the necessary easements and property acquisitions, as well as partnership opportunities. He said staff's recommended alternative for the I-405 crossing is the lid park.

Mayor Chelminiak said the Grand Connection provides the opportunity for a transformational, placemaking feature and public space.

Councilmember Robertson said Bellevue has a culture of setting a high bar, and she believes this will be a signature component of the community. She said the Grand Connection reflects a number of amenities including the new park and public spaces, transportation access, and a connection between Meydenbauer Bay and the Eastside Rail Corridor. She said the project provides opportunities for mitigation related to adjacent development.

Responding to Councilmember Robertson, Mr. Cummins said it is possible to design a freeway lid that could accommodate buildings. However, it might not be considered a viable option by the Washington State Department of Transportation (WSDOT). Mr. Cummins said there are lids in other parts of the country with buildings. Ms. Robertson said she would like to keep that option available for the Grand Connection. She expressed a preference for Alternative 3 and acknowledged it would likely be completed in phases.

Councilmember Stokes said this is an opportunity to provide a transformative feature in the community. He expressed a preference for Alternative 3. He said that while it is the highest cost option, it delivers a more significant impact and public benefit.

Councilmember Nieuwenhuis expressed support for Alternative 3 despite his concern regarding the cost. He said this is truly a one-time opportunity to create an iconic feature for Bellevue.

Councilmember Zahn said she is fully supportive of Alternative 3. She values the focus on placemaking and on connecting the communities on both sides of I-405. She expressed an interest in the anticipated cost of the work needed to reach the point of determining the cost and feasibility of the alternative. Mr. King said the currently proposed budget includes funding for design refinement over a two-year period.

Councilmember Lee said Bellevue does a good job of setting a vision and following through with implementation. He said the Grand Connection will provide economic development and other benefits for the community. He commended the work of staff, the Council, and the community in moving the planning process forward.

Deputy Mayor Robinson questioned which alternative would provide the greatest opportunity for securing outside funding. Mr. Cummins said he would follow up with the intergovernmental relations staff to explore that issue. Ms. Robinson said she would like the design to be unique for Bellevue. She opined that one flaw with Alternative 3 is the travel distance and accessibility, and she would like to find a way to improve those aspects of the project. She suggested the consideration of ways to separate commuters, who might want to move more quickly through the corridor, from casual users of the Grand Connection and park. She encouraged places for contemplation in the park.

Deputy Mayor Robinson concurred with her colleagues' support for Alternative 3.

Mayor Chelminiak questioned how the planning of the Grand Connection relates to the redevelopment of the Wilburton area and the development of the Civic Center adjacent to City Hall. Mr. Cummins said the choice of a preferred alternative will inform the planning initiatives on both sides of I-405. He confirmed that staff will coordinate the planning processes of the three initiatives.

Mr. Chelminiak noted that previous discussions identified the potential for extending the Grand Connection to 120th Avenue instead of 116th Avenue. He suggested that a commuter connection, including for bicyclists, could link to 116th Avenue, transit, and the Eastside Rail Corridor.

Mayor Chelminiak suggested providing some leeway for considering whether or not the lid would extend from NE 4th Street to NE 6th Street or be something slightly smaller. He suggested that and potential connections to NE 4th Street and NE 6th Street should be a design consideration. He questioned how the Grand Connection relates to plans for the expansion of I-405 and the addition of freeway ramps. Mr. King said staff from Bellevue and other cities are working on the I-405 Master Plan Update with the Washington State Department of Transportation.

In further response to Mr. Chelminiak, Mr. Cummins said staff will study project phasing options for the Council's consideration. Mr. Chelminiak encouraged a focus on the concept of tactical urbanism, including the identification of partnerships.

- Councilmember Robertson moved to direct staff to proceed with Alternative 3, Lid Park, as the Council's preference for the Grand Connection's I-405 crossing. Deputy Mayor Robinson seconded the motion.
- The motion carried by a vote of 7-0.

Mayor Chelminiak thanked staff for the presentation.

(b) Continued Discussion of the Preliminary 2019-2020 Operating Budget and 2019-2025 Capital Investment Program (CIP) Plan

Finance Director Toni Call introduced discussion of the Preliminary 2019-2020 Operating Budget and 2019-2025 Capital Investment Program (CIP) Plan. She highlighted the budget process schedule, noting that adoption of the budget is anticipated for December 3.

Director Mac Cummins highlighted the key components of the Community Development Department's CIP proposal. He noted that a number of the CIP items reflect the continuation of programs that align with the Council's Vision and Priorities.

The budget proposes a substantial increase in the affordable housing contingency fund, from \$500,000 annually to \$2 million annually, for a total of \$14 million over the seven-year CIP Plan. Mr. Cummins said the money could be used to help subsidize the cost of new construction and to respond to unanticipated opportunities to acquire and preserve affordable housing, as with the case of the Highland Village apartments.

Mr. Cummins recalled the presentation on November 13 regarding the Environmental Stewardship Initiative (ESI). While the \$310,000 of funding for ESI program implementation is a relatively small amount in the overall CIP Plan, there have been a number of public comments at several Council meetings about pursuing the development of a Climate Action Plan. The budget proposal includes work on the Climate Action Plan, an update to the ESI strategic plan, and implementation measures. He said the Council will have the opportunity to set priorities throughout the process to update the ESI plan.

Mr. Cummins noted additional Council priorities: Grand Connection implementation, Civic Center planning, and the Neighborhood Enhancement Program (NEP).

Councilmember Robertson said that some members of the public have expressed concern regarding A Regional Coalition for Housing (ARCH). She said that apparently one of the ARCH member cities is withholding funding given the recent news about the alleged misuse of affordable housing units. Responding to Ms. Robertson, Deputy City Manager Kate Berens said she serves on the ARCH Board as the delegate for the City Manager. Ms. Berens said Bellevue's funding for ARCH is held in the CIP Plan and is not transferred to ARCH until the Council votes to approve a particular project and its conditions. In further response, Ms. Berens confirmed that the City funds ARCH's operational costs, including staffing. Ms. Berens said the ARCH Board directed ARCH staff on November 8 to engage an outside party to review the housing ownership program and related legal issues, practices, and procedures.

Responding to Councilmember Zahn, City Manager Miyake recalled that the Council approved funding during the last budget cycle to explore the programming needs related to a potential multicultural center. He said the results of that study will be available next year.

Responding to Councilmember Stokes, Ms. Berens said that the ARCH member cities provide affordable housing through a number of ways. The alleged misuse of affordable housing units includes three units of ownership housing in a Bellevue complex. Ms. Berens said there are approximately 700 ownership units in the ARCH member communities. She noted that the ARCH Board has directed an additional review of ownership units to determine whether there are other cases to be investigated.

Deputy Mayor Robinson expressed support for the increased funding to address affordable housing. Noting the Highland Village apartments, Ms. Robinson observed that it is more cost-effective to preserve affordable units than it is to build new housing.

Responding to Mayor Chelminiak, Mr. Cummins confirmed that the requested \$2 million per year would be placed in a contingency fund to be used by the Council at its discretion. Funding partners could include ARCH as well as other projects and collaborations.

Councilmember Nieuwenhuis expressed support for investigating the claims against ARCH beyond the three affordable housing units that have been identified in Bellevue. He expressed concern regarding reports that complaints by neighbors were not investigated. He anticipates that more units are involved in the practice of being used as short-term rentals.

Mayor Chelminiak concurred that the City and ARCH need to investigate the extent of the problem and to consider controls to prevent future cases. He suggested that the State Auditor could be helpful in the review.

(c) Utilities Department Proposed 2019-2020 Budget and Rates

Utilities Director Nav Ota opened staff's presentation of the Utilities Department 2019-2020 Proposed Budget. The department provides four essential services: water, sewer, storm and

surface water, and solid waste disposal. The infrastructure is capital intensive, and utilities rates are the primary source of revenue. Ms. Otal noted the underlying objective to provide high quality, sustainable services through long-range planning. Strong financial policies are in place regarding current and future expenses, wholesale water costs, predictable and uniform rates, adequate reserves, and long-range planning for capital investments.

Ms. Otal said the Utilities budget has been reviewed by the Environmental Services Commission, City Manager's Office, Utilities Department leadership, and the City's overall Leadership Team. Community engagement included an online CIP open house and outreach to neighborhood leaders, the Bellevue Chamber of Commerce, and the Building Owners and Managers Association (BOMA).

The Utilities budget contains four major categories: 1) water purchase and wastewater treatment, 2) renewing and replacing infrastructure, 3) maintenance and operations, and 4) taxes and support services. The Utilities Department has more than \$3.5 billion of infrastructure, including 1,600 miles of pipe, 48 pump stations, 24 reservoirs, and additional assets. She said the Utilities CIP budget focuses on the area with the highest risk, which is the replacement and rehabilitation of infrastructure.

Ms. Otal said the Utilities CIP Plan totals \$225 million and reflects the following allocations: 77 percent to address aging infrastructure, 10 percent for service enhancements, eight percent for environmental preservation and regulatory requirements, and five percent to maintain the capacity to accommodate growth.

The City has a maintenance facility at the Bellevue Service Center (BSC) in north Bellevue and a materials yard in the Eastgate area. Both facilities are operating at capacity and will require major investments in the near future. Ms. Otal noted that having the two facilities located so far apart is not the most efficient use of staff time. She said the proposed materials/maintenance and operations yard in north Bellevue will reduce travel times for field crews, improve emergency response times, and increase the overall efficiency of the operations. Ms. Otal said the City will use reserves that have accumulated over the past few years from extraordinary water sales to fund the proposed property acquisition for a north Bellevue materials and maintenance yard. The investment will not increase utility rates.

Ms. Otal described the 75-year infrastructure replacement and funding strategy. She recalled that in the 1990s, the Council adopted a long-range funding plan for establishing and maintaining reserves. The goals of the plan were to maintain intergenerational equity and to ensure that utility rates are predictable with gradual fluctuations over time.

Ms. Otal highlighted the proposed investments in the local operating budget. A one-time investment of \$750,000 is funded by reserves for the maintenance of two reservoirs in the Coal Creek Utility District. A second one-time investment, funded in the CIP Plan, provides eight temporary staff to implement the Advanced Metering Infrastructure (AMI) program. Ms. Otal highlighted two ongoing investments proposed in the budget: 1) an increase of 0.25 FTE to maintain customer service levels, and 2) funding to enhance the storm video inspection program.

The 0.25 FTE increase will allow the conversion of a part-time position to a full-time staff position.

Ms. Otal described the proposed 2019-2020 combined water, sewer, and storm water utility rate increases of four percent in 2019 and 3.8 percent in 2020. Wholesale water costs and infrastructure funding will continue to be the major expenses for the Utilities Department.

Ms. Otal compared Bellevue's rates to surrounding jurisdictions, noting that Bellevue's rates fall at approximately the midpoint for residential, multifamily, and commercial customers. She said the Utilities Department received a high customer satisfaction rating of 87 percent and has a high bond rating of Aa1 with no debt. The department has been recognized nationally through the American Public Works Association (APWA) accreditation process, the Association of Metropolitan Water Agencies (AMWA) Platinum Award, and the AMWA Sustainable Water Utility Management Award.

Diann Strom, Chair of the Environmental Services Commission, reported that the Commission voted unanimously in favor of the proposed Utilities budget and rates. The Commission conducted a detailed review of staff's proposed capital investments, operating and budget proposals, the Council-adopted policies that guide the utilities budget and rates, and the rate increases needed to implement the budget proposal. The Commission took a tour of key CIP projects, received community input through an online open house, and held a public hearing on the proposed budget. Ms. Strom said the Commission's review was based on a set of principles that will allow the City to continue to provide reliable, high-quality services to the community and to maintain gradual and predictable rates.

Mayor Chelminiak thanked the commissioners for their hard work and budget recommendation.

Councilmember Nieuwenhuis, liaison to the ESC, thanked Chair Strom and the commissioners for their review and recommendation. He commended the City's focus on ongoing reinvestments in infrastructure and on improving efficiencies and customer service. Mr. Nieuwenhuis expressed support for the proposed budget and rates.

Councilmember Zahn said the lack of debt demonstrates that the City has been prudent, proactive, and fiscally responsible. Responding to Ms. Zahn, Ms. Otal said staff anticipates rate increases of 4-5 percent annually going forward. In further response, Ms. Otal said the City has a number of projects that address fish passage, as well as funding to replace fish culverts in the BelRed area as redevelopment occurs. Councilmember Zahn expressed support for consolidating the maintenance and operations yard.

Councilmember Stokes noted the City's participation in the Cascade Water Alliance. He said Bellevue does a great job of maintaining and operating its utilities. Bellevue and Kirkland obtain all of their water through the Cascade Water Alliance, while some cities have wells or other water sources. Mr. Stokes said Bellevue does the best job of managing its utilities and planning for the future in a cost-effective manner. He thanked staff and the ESC for their hard work.

Ms. Ota noted that the financial policies adopted by the City Council over many years provides the strength in the Utilities budget and reserve levels. She said many cities are not investing in their infrastructure.

Councilmember Lee expressed support for the Utilities budget and proposed rates. He thanked staff for their management of the utilities and infrastructure needs.

Councilmember Robertson indicated her support for the budget proposal.

Mayor Chelminiak concurred and thanked staff and the Environmental Services Commission for their terrific work.

Mr. Chelminiak highlighted the elements of the remainder of the budget process, and questioned the Council's interest in preserving money in the General Fund for the potential year-round operation of the men's homeless shelter.

Councilmember Robertson acknowledged that there are operational contingency funds, which could be used toward extending the shelter's operations. She said cost estimates for the required renovations will not be available until next year. However, funding is available for future consideration.

Mayor Chelminiak said he met with Congregations for the Homeless (CFH) staff regarding the issue, and they are exploring a number of options.

Councilmember Robertson said there are capital contingency funds that could be used as well.

Responding to Deputy Mayor Robinson, City Manager Miyake confirmed that the City is exploring potential funding partners.

3. Council Discussion of Upcoming Items: None.

At 7:55 p.m., Mayor Chelminiak declared recess to the Regular Session.

Kyle Stannert, CMC
City Clerk

/kaw