

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

May 4, 2015
8:00 p.m.

Council Chamber
Bellevue, Washington

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

ABSENT: None.

1. Call to Order

The meeting was called to order at 8:12 p.m., with Mayor Balducci presiding.

2. Roll Call, Flag Salute

All Councilmembers were present. Councilmember Stokes led the flag salute.

(a) National Kids to Parks Day Proclamation

Councilmember Chelminiak said three Councilmembers had the opportunity to open a new park in the Bridle Trails area this weekend, and it was full of kids.

Mr. Chelminiak read the proclamation declaring May 16 as National Kids to Parks Day in Bellevue.

(b) National Safe Boating Week Proclamation

Noting that she fell off her boat over the weekend, Councilmember Robinson read the proclamation recognizing May 16-22 as National Safe Boating Week in Bellevue.

Mayor Balducci acknowledged representatives of the Bellevue Sail and Power Squad and of the U.S. Coast Guard Auxiliary Flotilla in the audience and presented them with copies of the proclamation.

(c) Bike to Work Month Proclamation

Mayor Balducci read the proclamation recognizing May as Bike to Work Month in Bellevue.

Transportation Director Dave Berg accepted the proclamation and introduced four of the City's Bike to Work Month team captains: Tom McFarlane, Mark Roughgarden, Ted Mittelstaedt, and Tresa Berg. Mr. Berg noted that Interlake High School and Newport High School are sponsoring bicycling events as well.

Brandon Gim, Interlake High School, noted he is currently a volunteer with the City's transportation department. He announced that Interlake High School and Newport High School are coordinating a joint Bike to School Day as part of the national Bike to School event. Most participants are elementary schools. Bellevue's high schools are the only two high schools in the state that are participating in related events and are part of the few high schools that have registered on the national web site: www.walkbiketoschool.org.

Mr. Gim said Newport students have identified bike lane projects the City could implement to improve safe access to their school. He thanked the Council for recognizing the importance of biking.

Mayor Balducci thanked everyone for their work in coordinating the activities.

(d) Asian Pacific American Heritage Month Proclamation

Mayor Balducci noted that community leader Jerry Lee suggested the City display artwork by Asian Americans as a way to celebrate the month. She said items are currently on display in City Hall.

Councilmember Lee read the proclamation recognizing May as the 37th annual Asian Pacific American Heritage Month. He said this is a land of immigrants and Bellevue's diversity is its strength. Approximately 31 percent of Bellevue's population is comprised of Asians or Pacific Islanders, which is the largest percentage of any city in the state.

Charlene Lee thanked the Council for the proclamation and for celebrating Asian Pacific culture.

3. Communications: Written and Oral

- (a) King County Councilmember Reagan Dunn provided an update on items of interest to the City. He is chair of the King County Flood Control District and he noted that Bellevue is currently applying for a grant from the District. He said Metro will be adding 69,000 hours of bus service due to increased tax revenues. Mr. Dunn reported that he toured the Factoria Transfer Station project, which is set to open in 2017.

Mr. Dunn said the Flood Control District funded \$8 million for the Lower Coal Creek project, which the City will begin constructing in 2017. The project will reduce flooding in the Newport Shores neighborhood and provide fish passage along the creek.

Councilmember Dunn said the Willowmoor project affecting Lake Sammamish is receiving Flood Control District funding and design assistance to address properly regulating the lake level. He said the County and City have agreed to extend the Regional

Animal Services Interlocal Agreement through 2017. Noting that King County provides municipal court services for Bellevue, Mr. Dunn said the Bellevue District Court Relocation Agreement was approved by the King County Council earlier that day. The target date for relocating the courts is June 2015, and the use agreement anticipates extending court services through 2021.

Councilmember Robertson thanked Councilmember Dunn for his work on the Willowmoor project. With regard to transfer stations, she noted that the City would like the County to retain the potential northeast station in its long-term plan. Bellevue does not want the Factoria transfer station to be the only station on the Eastside, which results in a more intensified use with traffic and road infrastructure impacts. Councilmember Dunn said he would prefer the County not close any stations, including the Renton and Houghton facilities. He supports maintaining the potential for a northeast station in the county plan.

Deputy Mayor Wallace expressed concern about the planned release of felons for budgetary reasons. Councilmember Dunn said he opposes the “catch and release” policy under consideration. He said he no longer serves on the law and justice committee but he will get back to the Council with an update.

Councilmember Stokes thanked Mr. Dunn for his support of the Willowmoor project. Mr. Stokes noted the work of the King Conservation District, and thanked the King County Council for their role in that process.

Councilmember Lee welcomed Councilmember Dunn back to Bellevue and thanked him for his advocacy of issues important to the City and residents.

Moving on, Mayor Balducci reminded the audience that Agenda Item 11(a) regarding the Lake Hills transmission line is a quasi-judicial matter for which the Council cannot legally receive public comment.

Responding to Mayor Balducci, the Council concurred with extending the time allowed for oral communications to 30 minutes instead of the usual 20 minutes. She said the Council would take comment in priority order as follows: items on the agenda for action tonight, other items on the agenda, and items not on the evening’s agenda.

- (b) John Haynes, Executive Director and CEO of the Tateuchi Center, requested Council support for a public-private partnership to build the performing arts center. The Performing Arts Center Eastside (PACE) organization has a complete design for the center in a Downtown location. PACE has raised nearly \$65 million from more than 10,000 separate donations. He noted the collaborative effort of the Center and the City over the past year to determine the feasibility of the project. He thanked the Council, City staff and the consultants for their hard work and professionalism.
- (c) Peter Horvitz, a longtime member of the Tateuchi Center Board, encouraged City funding toward the development of the Center. He thanked the Council and staff for their serious consideration of the Center’s request for funding, and asked the Council to make a

significant investment in the project. Mr. Horvitz said a public-private partnership is critical to the success of the Center's fundraising campaign for a performing arts and educational facility.

- (d) Cathi Hatch said she has served on the Tateuchi Center Board for nine years. She serves as Vice Chair of the Board of Directors and Chair of the governance committee. The Board recently added eight new Board members and 16 new members to the Advisory and Emeritus Councils, many of whom are in the audience. Ms. Hatch said she served on the Boards of the Seattle Symphony and Pacific Northwest Ballet and was involved in fundraising efforts to create McCaw Hall and Benaroya Hall.
- (e) Don Marsh, representing CENSE (Coalition of Eastside Neighborhoods for Sensible Energy), said they are reviewing the report of the City's independent consultant regarding the Energize Eastside project, which was discussed during the earlier Study Session. He said the report fails to answer the most important questions, which are addressed in a document submitted to the Council by CENSE. The document was co-authored by CENSE and Richard Lockhart, former Vice President of power planning at Puget Sound Power and Light (the precursor to Puget Sound Energy). Mr. Lockhart has more than 40 years of industry experience and continued to work as a consultant and transmission planning expert after leaving the company. He shares CENSE's concerns about the Utility Systems Efficiencies, Inc. (USE) report: 1) USE did not complete an independent load forecast, 2) the report does not explain how Eastside demand can be growing 2.5 times faster than the population, and 3) the amount of Canadian electricity served during rare but critical peak demand events is still hidden. CENSE believes that the City's consultant essentially "rubber-stamped" PSE's work. Mr. Marsh expressed concern that the proposed infrastructure will have negative impacts on Eastside neighborhoods but is intended primarily to serve increased demand in Downtown Bellevue. He said the Eastside should be leading the world in adopting innovative technology versus 1950s technology and in continuing with effective conservation. He said PSE will profit financially from building the Energize Eastside infrastructure and the agency is not an objective party.
- (f) Marlene Meyer, a Bridle Trails resident, thanked the Council and CENSE for bringing communication about the Energize Eastside project to neighborhoods. She expressed concern regarding the adverse visual impacts of overhead power lines, including on property values, and health impacts. Ms. Meyer asked the Council to thoroughly study the consultant's analysis and report.
- (g) Hal Mozer said he lives in the Monthaven area and does not have view property. He neither supports or opposes the Energize Eastside project but is concerned that the City receive accurate information. He is an engineer with 50 years of experience in electric utility generation, transmission and distribution planning. Mr. Mozer submitted his comments in writing, including a number of questions and observations about the project.
- (h) Dr. Meta Lee, representing the Bellevue Towers Livability Committee, said residents are alarmed about Downtown construction activity, growth, safety, traffic, and parking

impacts. They have been working with City transportation and land use staff since June 2014 to address their concerns regarding development and the potential implications of rezoning. Dr. Lee observed that the City's amenities incentive system is complex and not meaningful to residents. She commented on the goal of making the Downtown memorable in terms of the skyline, street-level attractiveness, and creative and unique amenities. She submitted copies of her PowerPoint presentation.

4. Reports of Community Council, Boards and Commissions: None.

5. Report of the City Manager

(a) Management Brief on Governor Inslee's Recognition of Bellevue as "Northwest Solar Community"

City Manager Brad Miyake announced that Governor Inslee has recognized Bellevue as a Northwest Solar Community. The proclamation acknowledges Bellevue's initiatives that contribute to an increase in solar installations. Mr. Miyake thanked staff for their work on behalf of the Environmental Stewardship Initiative.

(b) Management Brief on American Public Works Association 2015 Project of the Year Award

Mr. Miyake said the City received the American Public Works Association (APWA) 2015 Project of the Year Award for the recently completed Coal Creek Parkway culvert and bridge project.

Nav Otal, Utilities Director, introduced Patrick Skillings representing the Washington State APWA Chapter. Mr. Skillings highlighted the award criteria and commended the City for the Coal Creek project.

Ms. Otal thanked project manager Bruce Jensen, Utilities; CH2M Hill consultants; and additional City staff in the Utilities, Parks, and Transportation Departments. The project enhances salmon habitat and was completed on schedule and under budget.

Mayor Balducci thanked staff for their work. She said residents were glad it was completed on time, and the City did a good job of managing traffic through a challenging project.

(c) Management Brief on Response to Impacts of Chick-fil-A Opening

Mr. Miyake noted the management brief in the meeting packet regarding the new Chick-fil-A business. The store's opening has been causing significant traffic backups as well as litter and parking issues.

Transportation Director Dave Berg said the parking and traffic plan was changed since it was printed in the meeting packet, which brings the intersection congestion level down to a near-normal level. The number of cars allowed into the drive-through line will be regulated. Closures

of the southbound lane on 116th Avenue and of the westbound NE 8th Street to southbound 116th Avenue left turn lane have both been eliminated. Mr. Berg said Chick-Fil-A is securing 52 additional parking spaces on adjacent properties and working with land use staff to make adjustments to the site to facilitate traffic flow. The business has been open for approximately three weeks and the volume of customers is expected to decrease within a few more weeks.

Mayor Balducci said traffic was backing up onto the freeway at times. She thanked staff for developing a plan and encouraged them to monitor its effectiveness. Ms. Balducci said Police Officers working at the site are being paid by Chick-Fil-A and not by the City.

6. Council Business and New Initiatives

Mayor Balducci thanked Councilmember Chelminiak for submitting his report in writing, in accordance with the pending Council Rules amendment. The remaining Councilmembers said they would forego their reports given the full agenda.

7. Approval of the Agenda

→ Deputy Mayor Wallace moved to approve the agenda, and Councilmember Stokes seconded the motion.

→ The motion to approve the agenda carried by a vote of 7-0.

8. Consent Calendar

→ Deputy Mayor Wallace moved to approve the Consent Calendar, and Councilmember Stokes seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 7-0, and the following items were approved:

(a) Council Meeting Minutes

Minutes of April 6, 2015 Study Session

Minutes of April 6, 2015 Regular Session

Minutes of April 13, 2015 Extended Study Session

(b) Motion to award Bid No. 15019 for Factoria Reservoir Coating Repair and Overflow Modifications to Award Construction, as the lowest responsible and responsive bidder, in the amount of \$150,748.65 (CIP Plan No. W-69 and Operations and Maintenance Water Fund).

(c) Resolution No. 8904 setting June 1, 2015 as the date for a public hearing to consider the vacation of a portion of Bellevue-Redmond Road between NE 8th Street and 120th Avenue NE.

- (d) Resolution No. 8905 setting June 1, 2015 as the date for a public hearing to consider the vacation of a portion of NE 12th Street east of 108th Avenue NE (adjacent to KidsQuest Children's Museum).
- (e) Motion to award Bid No. 15035 for the On-Call Asphalt and Concrete Repair Contract to AA Asphalt Inc. in the amount of \$3,884,130.00 for a five year term.
- (f) Resolution No. 8906 authorizing execution of a four-year agreement with AOT Public Safety Corporation (PSC) for a False Alarm Billing and Tracking Service in partnership with the Bellevue Police Department.
- (g) Resolution No. 8907 authorizing execution of a Professional Engineering Services Agreement with HDR Engineering, Inc. in the amount of \$2,232,326 to complete Final Engineering Design Plans, Specifications, and Estimates (PS&E) for the planned NE Spring Boulevard roadway improvements between 116th Avenue NE and 120th Avenue NE (CIP Plan No. PW-R-172), and between 120th Avenue NE and 124th Avenue NE (CIP Plan No. PW-R-173).
- (h) Resolution No. 8908 authorizing execution of a General Services Agreement for city-wide eductor and sweeping services with Bravo Environmental NW Inc. for a five-year term.
- (i) Resolution No. 8909 authorizing execution of a General Services Agreement for city-wide eductor and sweeping services with Davidson Macri Sweeping Inc. for a five-year term.
- (j) Resolution No. 8910 authorizing execution of a General Services Agreement for city-wide eductor and sweeping services with Olsen Brother Pro-Vac, LLC for a five-year term.
- (k) Resolution No. 8911 authorizing execution of a General Services Agreement for city-wide overhead door maintenance service with Cressy Door Company for a five-year term.
- (l) Resolution No. 8912 authorizing execution of a General Services Agreement for city-wide overhead door maintenance service with Precision Door Service for a five-year term.
- (m) Resolution No. 8913 authorizing execution of a General Services Agreement for city-wide overhead door maintenance service with Specialty Door Service Inc. for a five-year term.
- (n) Motion to award Bid No. 15009 for Storm Trenchless Repair (2014) to Shoreline Construction, as the lowest responsible and responsive bidder, in the amount of \$265,810.00 (CIP Plan No. D-64).

- (o) Motion to award Bid No. 15039 for Newport Creek Fish Passage to Mike McClung Construction, as the lowest responsible and responsive bidder, in the amount of \$247,505.04 (CIP Plan No. D-81).

9. Public Hearings: None.

10. Land Use

- (a) Consideration of Ordinance No. 6226 for the application of Puget Sound Energy (PSE) to construct a new 115 kV overhead transmission line connecting the existing Lake Hills Substation with the Phantom Lake Substation.
[Council previously discussed this quasi-judicial item on January 26 and April 20, 2015.]

Mayor Balducci noted that the Council was resuming consideration of the application of Puget Sound Energy (PSE) to construct a new 115 kV overhead transmission line connecting the existing Lake Hills Substation with the Phantom Lake Substation. No appeals were filed following the issuance of the Hearing Examiner's findings, conclusions and recommendations on December 9, 2014.

Mayor Balducci said this is a quasi-judicial matter based on a closed record and therefore no additional public comment is allowed. She acknowledged the high community interest in the project in recent months. Ms. Balducci said Councilmembers must disclose any ex parte communications since the April 20 Council discussion in which previous ex parte communications were disclosed.

City Attorney Lori Riordan said the State Appearance of Fairness Act governs quasi-judicial matters in which the Council makes a decision regarding the rights of specific interested parties under the City's regulations. In this matter, Councilmembers must act as judges and maintain fairness and impartiality in deciding the applicant's right to receive the requested permits. Judges may not engage in ex parte contacts to ensure impartiality. Councilmembers must disclose ex parte contacts with the applicant or members of the public, whether verbal exchanges, emails, or other writings on the topic of the application.

If Councilmembers acting in a quasi-judicial capacity cannot exclude ex parte information from their consideration and base their decision solely on the record made in the earlier proceedings, or cannot affirm that they will maintain their impartiality, they are to be recused from participation in the decision.

Ms. Riordan recommended giving Councilmembers the opportunity to disclose any ex parte communications. She said the disclosures should state the name of person who contacted the Councilmember, date, method (i.e., written, phone call, in person), and the substance of the communication. Written communications and transcripts of phone messages, if available, should be placed into the record.

City Attorney Riordan said staff printed all emails that went to the Council since April 20. Councilmembers should disclose any contacts outside of those City email accounts. The emails and verbal disclosures will be preserved for purposes of maintaining a record of the ex parte contacts should there be a need for them in subsequent legal proceedings, but their substance shall not be considered by the Council in making its decision.

Responding to Ms. Riordan, Councilmember Chelminiak said he had no ex parte contacts beyond the emails received through City email accounts. He confirmed that he is able to make his decision based solely on the record without regard to those emails.

Councilmember Lee said he has had no contacts since April 20.

Councilmember Wallace said he has had no contacts since April 20.

Responding to Ms. Riordan, Mayor Balducci reported that, on Saturday, April 25, an unknown woman approached her at a local coffee shop and commented on her concern about preserving trees. Ms. Balducci further disclosed that earlier on May 4, she was talking to staff about the Energize Eastside project and she referred to the Lake Hills project as an example to illustrate a point in that conversation. That was the extent of the communication and no one else commented on the Lake Hills project. Mayor Balducci confirmed that she is able to make her decision based solely on the record with impartiality and without regard to those contacts.

Councilmember Robinson reported on two contacts, both in-person: a brief exchange with Michael Coe on April 28 before she told him she could not discuss the case, and the second with Dave Namura, Puget Sound Energy. She said she is able to make her decision based solely on the record with impartiality and without regard to those contacts.

Councilmember Stokes said he has had no contacts since April 20.

Councilmember Robertson said she has provided all emails before and since April 20 to the City Attorney. She recalled that, on April 20, she disclosed the number and substance of conversations she has had. However, she did not provide names. The nature of the contacts was Ms. Robertson letting them know that she could not discuss the matter. The individuals involved in the contacts were: Kip and Diane Fern (neighbors), Don Marsh, and Bob Wiley (He emailed Councilmember Robertson a couple of times and she called to let him know she could not discuss the matter.). She also spoke to a group in which the Energize Eastside project was mentioned, and she informed them she could not talk about the Lake Hills project. Steve O'Donnell was the only individual she knew by name.

Since April 20, Councilmember Robertson reported that she spoke to PSE representatives Keri Stout and Katherine Taylor at a fundraising event for a colleague. She learned today that CENSE has posted information on its web site about an upcoming fundraising event for Councilmember Robertson, which will be held after the Council's decision on this quasi-judicial matter. Ms. Robertson said the campaign event will have no impact on her position on this matter, nor does she plan to discuss this issue at that event. She said PSE hosting or attending some of her or her

colleagues' events will not affect her impartiality.

Mayor Balducci recalled that, on April 20, a motion to approve the Hearing Examiner's recommendation and to direct that legislation be prepared for the Council's discussion after this evening carried by a vote of 5-2, with Robinson and Robertson dissenting. At that time, the Mayor said she indicated that Councilmembers with any questions or suggested modified recommended conditions should work with the City Attorney to develop alternate versions of the legislation to be drafted.

Responding to the Mayor, Ms. Riordan said she received no requests for modifications to the standard approval Ordinance she drafted and provided for tonight's meeting packet. The Land Use Code does not specify the burden of proof required to support the decision. However, as a civil matter, an appropriate standard of proof would be a preponderance of the evidence. During the April 20 meeting, a majority of the Council voted to: 1) direct preparation of an Ordinance approving the permit on the basis that the Hearing Examiner's recommendation is supported by both "sufficient evidence to convince a fair-minded person" of the correctness of the findings of facts, conclusions and recommendations, and 2) adopting the Hearing Examiner's findings, conclusions and recommendations, including conditions.

If the Council now concludes that additional conditions should be included in the permit, it would be necessary to do so tonight based upon a preponderance of the evidence contained in the record. Although she did not receive any proposals for additional conditions, City Attorney Riordan said any proposals should be raised now.

If a majority of the Council believes the record does not contain sufficient evidence on any of the statutory criteria for granting a conditional use permit (CUP), the Council may remand the matter back to the Hearing Examiner to take additional evidence on that criteria. If remanded, the instructions to the Examiner should provide sufficient detail to be clear to the Examiner, staff and the applicant in order to avoid confusion. The permit should be denied only if the Council finds that, overall, the Examiner's findings, conclusions and recommendations are not supported by substantial evidence in the record. The applicable decision criteria for a CUP, shoreline CUPs, and additional criteria specific to electric utility facilities are outlined in the meeting packet and are available to be displayed on slides if needed.

→ Councilmember Stokes moved to adopt Ordinance No. 6226, and Deputy Mayor Wallace seconded the motion.

Councilmember Stokes said this is separate from other matters the Council is considering. He believes there is a demonstrated preponderance of the evidence. He said the infrastructure is important for electrical reliability in a section of Bellevue that does not have it. While trees will be removed, PSE will spend approximately \$900,000 for replacement and additional vegetation.

Mayor Balducci disclosed that, at the end of the April 20 Council meeting, a young man spoke to her at the dais about his position in favor of saving trees. He felt that was more important than the project, which he viewed as a "nice to have" but not essential asset.

Mayor Balducci clarified that the project closes a gap between two separate power lines, which will provide the ability to maintain service if one of the lines goes out of operation. She recalled that this area of town lost power for six days following the 2006 wind storm, which was longer than any area of Bellevue. Ms. Balducci said the loss of power is not only a convenience issue but a life safety issue, especially for seniors in the winter or those with medical conditions relying on electric-powered machines. This need is balanced against City regulations and policies, with the goal of ensuring Bellevue's excellent quality of life.

Ms. Balducci said three project options were considered: 1) connecting the lines along 148th Avenue, 2) aligning along 156th Avenue, and 3) aligning along 164th Avenue. All of the options have impacts and all remove trees. The option involving 156th Avenue went through the Lake Hills Greenbelt, which was deemed unacceptable. The 164th Avenue option was rejected based on a policy requiring that distribution lines, which are already present, must be placed underground if transmission lines are to be added. Under this option, residents would have been required to pay up to \$10,000 per household to underground the distribution lines, and they would have ended up with an overhead transmission line through their properties.

Mayor Balducci said it is not the City's decision about whether to build the project. City policies state that electrical redundancy is needed, and the role of the City is to apply policies and rules to determine whether they have been met by the application. The Hearing Examiner found that the rules and policies are met by the CUP application. She does not see any indication that the Examiner is incorrect, and City policies state that deference should be made to the Hearing Examiner. Mayor Balducci said the decision represents a balanced outcome for the community, and she will support the motion.

Councilmember Robertson said she has been studying the record and grappling with the issues. She said the concept of adding transmission lines to a corridor with no power lines is a travesty. For this reason, she has a hard time concluding that the alignment meets the decision criteria for the CUP and shoreline CUP. The standards are whether it is compatible with the permitted uses in the area, whether the public interest suffers no substantial detrimental effect, and whether the project is harmonious and appropriate in design character and appearance with the existing or intended quality of development in the immediate vicinity.

Ms. Robertson is frustrated that the Council is presented with this project as a quasi-judicial matter to determine whether it meets the Code criteria. She has a hard time saying that it does. However, the alternatives proposed are even worse than the chosen 148th Avenue alignment. She is not satisfied with the analysis of alternatives and would like more to be analyzed, but the Council does not have authority to direct the Hearing Examiner to do so. She would like to add a condition for shorter poles. However, NERC standards dictate a minimum height. She agrees that electrical service redundancy is important. However, she would rather the project not be placed on this corridor. She observed that it does not meet the criteria of visual compatibility.

Councilmember Robinson said this has been very challenging, and so much has changed in Bellevue since the project was originally proposed. Technology is changing and 148th Avenue has become more walkable and pedestrian friendly. She understands the importance of electrical

reliability. She wishes the need could be met with a newer, less invasive technology. However, there is no reliable alternative at this point. To delay the project any longer will put citizens at risk each winter. She will support the motion.

Deputy Mayor Wallace clarified that Councilmembers are put in the position of acting as judges in this case, which is not a preferred role by the Council. He does not see any findings of the Hearing Examiner that are not supported by the record. He will therefore vote in favor of the motion.

Councilmember Lee said he agrees with many of the comments that have been made by his colleagues, and he will support the motion.

→ The motion carried by a vote of 6-1, with Councilmember Robertson opposed.

Mayor Balducci suggested that, as the Council and staff discuss the Comprehensive Plan Update, it would be beneficial to discuss this type of siting decision. She would like to explore further ability of the Council to require more extensive consideration of alternatives.

→ At 9:51 p.m., Deputy Mayor Wallace moved to extend the meeting to 10:30 p.m. Deputy Mayor Wallace seconded the motion.

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

11. Other Ordinances, Resolutions and Motions

- (a) Resolution No. 8914 regarding an investment in Performing Arts Center Eastside for the construction of Tateuchi Center.

City Manager Miyake commented that securing a performing arts center has been a subject of interest in Bellevue for a number of decades. Resolution No. 8914 seeks Council direction on whether to begin negotiating a funding agreement with the Performing Arts Center Eastside (PACE) for the construction of the Tateuchi Center and, if so, direction on the level of financial assistance and conditions under the agreement. The City signed a memorandum of understanding (MOU) with the PACE Board in May 2014 to evaluate options for financing and for the operation of the Tateuchi Center.

Chris Salomone, Director of Planning and Community Development, summarized the history of the project. PACE has raised \$64 million toward the project, including the donated land value and the support of operations since 2002. A comparable facilities study and independent feasibility study have been completed. PACE has added several new Board members and expanded its community outreach and fundraising efforts.

Mr. Salomone said the question before the Council is whether to make a capital investment in the project. The agreement with PACE would address the City's ownership interest and a number of conditions including: City's contribution as last money in; deadline for fundraising; inclusion of education center; commitment for 50 years of public programming; limited commercial use of

facility according to state law; development of a cooperative facilities framework with PACE and Bellevue Convention Center Authority (BCCA); and no City commitment for operations funding.

Mr. Salomone said the next step, if the Council chooses to approve a statement of intent to make a capital investment in the Tateuchi Center, is to negotiate a term sheet with PACE and others as necessary. Staff will report on negotiations later this spring or summer and negotiate full agreements for Council consideration in the fall. The Council will receive updates from PACE on their fundraising over the next 18 months. The first review point to determine whether PACE is meeting its fundraising commitments will be early September 2016. The anticipated opening of the performing arts center is Fall 2019.

Mayor Balducci noted that Councilmember Stokes has been actively involved in planning and advocating for this project.

Councilmember Stokes observed that the performing arts center proposal is consistent with a number of elements included in the Council vision including support of the arts and the community's diverse culture. He said Bellevue's elected officials provide the leadership and strategy needed to fulfill the City's ambition for excellence, and residents value arts, heritage, culture, parks, recreation and community events.

Mr. Stokes reflected on growing up outside Houston and attending his first symphony performance on an elementary school field trip. He recalled that development of the Downtown Park was a significant challenge, and the park was initially funded by private dollars. He said the City does a good job of implementing large, challenging initiatives including City Hall, Bel-Red planning, East Link planning and implementation, the park system, human services funding, and transportation infrastructure.

Mr. Stokes said the Tateuchi Center is an important asset in distinguishing Bellevue as a significant urban center. He thanked PACE, City staff, and the consultants who have engaged in a thorough feasibility study and due diligence review over the past year. He believes a public-private partnership is essential to the success of creating the performing arts center. Councilmember Stokes suggested a commitment of \$20 million and said now is the time to move forward. He believes this will demonstrate to the community and other donors that the City is serious about the project.

Councilmember Robertson thanked Councilmember Stokes for all of his work in representing the Council and keeping the momentum going. She thanked the community and PACE stakeholders who have been dedicated to seeing this project move forward and updating the Council. She said Bellevue is the economic center of the Eastside, which means jobs, residents, arts and culture. Arts and recreation are significant components of the strong quality of life in this community.

Ms. Robertson recalled leading a delegation to Bellevue's sister city Liepaja, Latvia, at which time they were building a similar performing arts center that is fully government funded. Ms. Robertson noted that the suggested \$20 million contribution is approximately 10 percent of the cost of the Tateuchi Center. In exchange, the City receives benefits related to livability,

educational opportunities, and the value of arts and music. Based on earlier discussions with staff, Councilmember Robertson said she is confident the City can fund the \$20 million contribution without using City capital or General Fund monies. She feels comfortable directing staff to move forward with negotiations for an appropriate and fair agreement corresponding to the proposed commitment of \$20 million.

Councilmember Chelminiak expressed support for the motion. He said the dollar amount is more than he had originally thought the City would consider. However, he clarified that this is a contingent commitment based on the Center meeting a number of specific conditions and benchmarks. He reflected on the design of City Hall and said the Tateuchi Center is an opportunity for another wonderful public gathering space.

Councilmember Lee acknowledged that he is frugal and believes there must be a return on an investment. He believes the Tateuchi Center project will bring economic and social benefits and create a memorable facility and experience for the public. He concurs that a contribution of \$20 million is reasonable and can be achieved without negatively impacting other priorities.

Mr. Lee said the project needs the community's support and commitment as well. He would like public access to include the use and rental of the facility by the public and community organizations for public benefit.

Councilmember Robinson thanked Councilmember Stokes for his work. She believes in equitable access to a good quality of life for everyone in Bellevue. She believes the Tateuchi Center combined with Meydenbauer Bay Park and the Grand Connection to Wilburton will transform Bellevue. She said the Tateuchi Center will provide children with easy access to the arts, and the project can be completed without threatening existing capital projects.

Councilmember Robinson said she would like to discuss and consider an artist in residence program as part of the agreement. She expressed support for the proposed \$20 million investment.

Deputy Mayor Wallace said he supports all of the positive aspects of the project and agrees this is a good opportunity for the City. However, as a financial steward he notes that this is outside of the usual type of projects undertaken by the City. In considering the proposal, an important element is the ability to use the hotel/motel tax for capital investments. The hotel/motel tax was originally implemented to develop the convention center, and the bonds related to the convention center will be paid off in the near future. This will free up tax revenue beginning approximately 2025 that can only be used for three things: 1) convention center, 2) performing arts center, and 3) marketing/tourism efforts. He believes the Tateuchi Center is an appropriate use of this funding source, and it will not have adverse impacts on other City priorities.

Responding to Mr. Wallace, Finance Director Jan Hawn said if the Council approves moving forward, staff will determine the best way to finance the investment without increasing taxes or using funds from the City's capital budget. Staff will consider interim funding solutions, if needed, before hotel/motel tax revenues become available in 2025.

Deputy Mayor Wallace said he would like to know how much sales tax and B&O tax revenues will be generated by the Tateuchi Center project, and to ask the Council to consider allocating all of it toward this financial obligation. Another potential source of revenue is a portion of sales tax revenues generated by the Sound Transit light rail project. He believes \$20 million is achievable based on discussions to date.

→ At 10:27 p.m., Councilmember Stokes moved to extend the meeting to 10:45 p.m., and Councilmember Robertson seconded the motion.

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

Continuing, Mr. Wallace referred to a condition recognizing “limitations on the commercial or unrelated use of the facility, consistent with current law, relative to PACE’s state property tax exemption.” This reflects the desire that the center not become a completely for-profit enterprise. However, he would like to explore whether there are certain opportunities (e.g., daytime hours) for more profit-based uses while preserving the nonprofit elements in the evening.

Mayor Balducci said she first learned of PACE’s efforts in 2003, just before she took office as a Councilmember in 2004. During her first year, the Council adopted the Cultural Compass which included the objective to develop a center of this size, scale, and quality. The City’s goal is to become a cultural hub on the Eastside, and the Tateuchi Center will elevate Bellevue’s status toward that goal. She said the arts are about sharing culture, building community, and lifelong learning.

The City’s perspective is to make the Tateuchi Center something for everyone. She likes the idea of partnering with the school district, Bellevue College, and other organizations. She noted the City’s successful partnerships in support of the Bellevue Youth Theatre, Hidden Valley sports complex, South Bellevue Community Center, and other programs. Mayor Balducci feels confident that funding the \$20 million commitment is realistic.

Mayor Balducci concurred with Deputy Mayor Wallace’s suggestion that the Council have a discussion about the potential for dedicated and/or one-time revenues toward the Tateuchi Center. She noted the need to define a plan for how hotel/motel taxes will be used in the future, including the convention center and tourism components. Ms. Balducci said PACE, the City and its consultants have conducted a thorough analysis and public process to consider whether to invest in the performing arts center.

Councilmember Stokes thanked Councilmembers for their work and support of PACE’s objectives. He is pleased that, despite differing perspectives, the Council is able to pull together to achieve important benefits for the public.

→ Councilmember Stokes moved to approve Resolution No. 8914, and Councilmember Robertson seconded the motion.

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

Councilmember Stokes thanked the City Manager, Mr. Salomone, and staff for all of their hard work.

12. Unfinished Business: None.

13. Continued Oral Communications

(a) Osha Morningstar thanked the Council for supporting arts and culture activities. She asked them to consider ways to provide free activities and festivals for the public as well. She observed that arts and cultural events build tolerance, understanding and respect within a community.

(b) Laura Goodwin Hurdelbrink, Vice President of the Bellmeade Homeowners Association, described her efforts over the past year and a half to encourage Comcast to remove wires from trees on their property. She finally contacted the City, and Comcast has now completed the work. She thanked City staff Judy Connors, Mollie Purcell and Gina Rogers for their responsiveness and communications.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 10:43 p.m., Mayor Balducci declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

/kaw