

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

July 27, 2015
6:00 p.m.

Conference Room 1E-113
Bellevue, Washington

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

ABSENT: Councilmember Robertson

1. Executive Session

The meeting was called to order at 6:04 p.m., with Mayor Balducci presiding. There was no Executive Session.

2. Approval of Agenda

Mayor Balducci said Council Business should have been on the agenda as Item 5(a). She suggested moving Agenda Item 6(a) earlier to occur after Item 5(b).

Mayor Balducci noted that the agenda was approved by consensus.

(a) Tsinghua University Presentation to Bellevue City Council

Mayor Balducci said the new Global Innovation Exchange (GIX) technology graduate school, to be located in Bellevue's Spring District, is a partnership between the University of Washington and Tsinghua University in China. Ms. Balducci said the City is proud to be the home of this endeavor involving a renowned Chinese university.

Councilmember Lee said he appreciates the Seattle Tsinghua Alumni Association for its support to bring this partnership to Bellevue.

Lan Li, President of the Seattle Tsinghua Alumni Association, highlighted aspects of Tsinghua University and said the association was established approximately 11 years ago. There are approximately 900 alumni in the Seattle area, which includes 415 registered association members. The association sponsors approximately 20 events annually. Most of the individuals work in the technology sector or education and they include a number of entrepreneurs.

Ms. Li described the Global Innovation Exchange partnership between Microsoft, the University of Washington, and Tsinghua University. Microsoft has contributed \$40 million toward the partnership. The building will occupy approximately 100,000 square feet in the BelRed area. Ms. Li commented on businesses and university representatives who have been involved in establishing the Global Innovation Exchange.

Ms. Li said the Seattle Tsinghua Alumni Association will continue to facilitate and promote the GIX program and to play a leadership role in encouraging innovation and attracting more investment and business opportunities.

Mayor Balducci thanked Councilmember Lee and the alumni association for working together on the GIX project. Mayor Balducci said the City looks forward to collaborating with the GIX program and activities.

(b) Americans with Disabilities Act 25th Anniversary Celebration

Mayor Balducci read a proclamation recognizing the 25th anniversary of the Americans with Disabilities Act and declaring the week of July 20-26, 2015, as ADA Anniversary Celebration Week.

Jennifer Mechem, the City's ADA/Title VI Program Administrator, accepted the proclamation. She thanked the Council and City staff for their strong support of the diversity initiative and the ADA compliance project.

Councilmember Lee highlighted some of the City's facilities focused on encouraging participation in the community including recreational programs for the developmentally challenged at the Highland Center.

Mayor Balducci praised the Bellevue Youth Theatre, which includes every individual who is interested in participating.

3. Oral Communications

- (a) Alex Zimmerman, President of StandUP-America, said he is running for the Seattle City Council, but he is not allowed to attend their meetings to speak. He described this as a democratic mafia similar to the Nazis. He said no honest man can be elected in America. He said it is time for citizens to stand up.
- (b) Will Knedlik, representing Eastside Rail Now, said he has spoken to the Council a number of times about Sound Transit subarea equity, asking Bellevue to take the lead in protecting the rights of East King County residents created 20 years ago. He said the East subarea has subsidized tens of millions of dollars through Sound Transit for Seattle's express bus service. It has been nearly seven years since the State's independent review team asked Sound Transit to conduct a Preliminary Hazard Analysis related to light rail on the I-90 bridge. Mr. Knedlik said the bridge will need to be replaced sometime in the

future at an estimated cost of \$18 billion to \$44 billion, and light rail will shorten the life of the bridge. Mr. Knedlik said the western shore of Mercer Island is the boundary of the East King County subarea and Seattle should cover the costs of light rail west of the point. He asked the Council to adopt a resolution and proclamation in favor of subarea equity. [Mr. Knedlik submitted written information.]

- (c) Betsy Blackstock, a Surrey Downs resident, said she and her husband are selling their house and moving to Maui. She said it has been a pleasure to work with the City Council. She recalled that, approximately four years ago, Debi Lelinski came before the Council and commented that no construction (“not one shovel”) should be started in Bellevue until it is proven that light rail will be able to cross the I-90 bridge. Ms. Blackstock presented small shovels to the Council in reference to Ms. Lelinski’s words.
- (d) Joe Rosmann concurred with the comments of the previous two speakers. He said the chair of Sound Transit’s capital committee, Fred Butler, Mayor of Issaquah, was asked a number of times over the past year by well-known City leaders to provide information on the result of the various studies addressing the feasibility of the I-90 bridge plan. Mr. Butler promised to provide this information on multiple occasions but nothing has been released. Mr. Rosmann said he believes this is because there is no assurance that the project is feasible. He expressed concern about what would happen if the bridge suffers a catastrophic failure and the State and Sound Transit are unable to obtain a bond to replace the cost of the bridge. Mr. Rosmann said he believes that neither agency has been able to obtain a bond due to the risk of the project.

4. Mini-Consent Calendar

→ Councilmember Stokes moved to approve the Consent Calendar, and Councilmember Robinson seconded the motion.

→ The motion carried by a vote of 6-0, and the following items were approved:

- (a) Council Meeting Minutes
Minutes of June 15, 2015 Study Session
Minutes of June 15, 2015 Regular Session
Minutes of June 22, 2015 Extended Study Session
- (b) Motion to approve payment of claims and payroll for the period June 1, 2015 through June 30, 2015.
- (c) Ordinance No. 6236 authorizing: 1) Motion to award Bid No. 15063 for Wilburton Sewer Capacity Improvements to MidMountain Contractors, Inc., as the lowest responsible and responsive bidder in the amount of \$7,987,184.04 (CIP Plan No. S-60); and, 2) Amendment of the 2015-2021 Utility Capital Investment Program (CIP) Plan to transfer \$1,880,000 of budget from the Sewer Renewal and Replacement fund (CIP Plan No. S-96) to the 2016 Wilburton Sewer Capacity Upgrade Project (CIP Plan No. S-60) budget.

- (d) Resolution No. 8946 authorizing execution of a professional services agreement with Tetra Tech, Inc. for engineering services, for the Sewer Lake Line Replacement Study, Phase 2 - (Lake Washington) project, in an amount not to exceed \$448,599 (CIP Plan No. S-58).
- (e) Resolution No. 8947 authorizing execution of a professional services agreement with Murray, Smith & Associates, Inc. for engineering services, for the Meydenbauer Bay Park Sewer Line Replacement and Grange Pump Station Improvements Project, in the amount of \$614,324 (CIP Plan No. S-16 and S-69).
- (f) Resolution No. 8948 authorizing execution of a Third Amendment to the City's original agreement with South Correctional Entity (SCORE) for Bellevue misdemeanor inmate housing at that facility.
- (g) Motion to reject Bid No. 15074, 108th Avenue NE and NE 4th Street Intersection Improvements (CIP Plan No. PW-R-176, Downtown Transportation Plan Implementation).
- (h) Resolution No. 8949 authorizing execution of a professional services agreement with Herrera and Associates for engineering services for the Post-Construction Project Monitoring and Reporting for various Utilities CIP programs, in the amount of \$275,000.
- (i) Resolution No. 8950 authorizing execution of a one-year grant agreement with the Washington State Department of Commerce to accept \$123,555 in grant funding for the Eastside Narcotics Task Force (ENTF).
- (j) Ordinance No. 6237 authorizing parking restriction "No Parking Anytime", on the west side of 120th Avenue NE from the south driveway of 1899 - 120th Avenue NE to just south of the former BNSF railway tracks.
- (k) Resolution No. 8951 authorizing execution of a professional services agreement with AHBL Inc. to provide professional consulting services to implement Phase II of the Low Impact Development (LID) Principles Project, in an amount not to exceed \$175,000.
- (l) Resolution No. 8952 authorizing the execution of all documents necessary to amend an agreement with Archdiocesan Housing Authority to enable Harrington House to continue to serve homeless individuals in the community.
- (m) Ordinance No. 6238 repealing and replacing Chapter 3.56 Arts Commission of the Bellevue City Code.

- (n) Ordinance No. 6239 repealing and replacing Chapter 3.55 Environmental Services Commission of the Bellevue City Code.
- (o) Ordinance No. 6240 repealing and replacing Chapter 3.61 Human Services Commission of the Bellevue City Code.
- (p) Ordinance No. 6241 repealing and replacing Chapter 3.62 Parks and Community Services Board of the Bellevue City Code.
- (q) Ordinance No. 6242 repealing and replacing Chapter 3.64 Planning Commission of the Bellevue City Code.
- (r) Ordinance No. 6243 repealing and replacing Chapter 3.63 Transportation Commission of the Bellevue City Code.
- (s) Resolution No. 8953 authorizing submittal of a grant application requesting up to \$250,000 from the State of Washington's Recreation and Conservation Office (RCO) to assist with the cost of replacing the synthetic turf at Robinswood Park.

5. Study Session

- (a) Council Business [See below]
- (b) Special Report of the 2015 State Legislative Session

City Manager Brad Miyake introduced Joyce Nichols, Director of Intergovernmental Relations; Mike Doubleday, the City's lobbyist since 1998; and Briahna Taylor, the City's new lobbyist.

Ms. Nichols said this was the longest session of the state legislature in history. She said Mr. Doubleday has served the City well and he notified the City last year of his plan to retire. Ms. Taylor, Gordon Thomas Honeywell Government Affairs (Tacoma), has been hired to take over his role and has extensive experience with municipal clients. Ms. Nichols said Mr. Doubleday and Ms. Taylor worked together to effectively represent the City during the past legislative session.

Councilmember Stokes said his daughter, a legislative assistant to Representative Hunter, speaks highly of Ms. Taylor and her expertise. He looks forward to working with her.

Ms. Taylor said the state legislature held one regular session and three special sessions this year. The session began with the Supreme Court ruling that the legislature was in contempt for not previously complying with the court's demands with regard to the McCleary decision on education funding. The legislature reached agreement on an operating budget, including \$2.9 billion for education; a capital budget providing \$3.9 billion in statewide investments; and agreement on a \$16 billion transportation revenue package. Staff was successful with regard to many items on the City's State Legislative Agenda.

Ms. Taylor and Mr. Doubleday highlighted items resulting from the state legislative session. Mr. Doubleday said the legislature passed an 11.9 cent per gallon gas tax increase providing \$16 billion over 16 years, which fully funds the I-405 Master Plan and completes SR 520 projects on the west end of the bridge. Additional projects receiving funding are design of the new interchange on SR 520 at 124th Avenue, SR 520 regional bike path and trail, Mountains to Sound Greenway project, and the Wilburton reconnection project.

Mr. Doubleday said the new revenue package includes a local distribution of \$5.45 million to Bellevue for multi-modal funding. The overall package provides \$1 billion in multi-modal investments. Sound Transit received \$15 billion in revenue authority for Sound Transit 3 (ST3) package investments.

With regard to economic vitality, Ms. Taylor said the state legislature did not support the City's interest in extending the high technology B&O and sales tax incentives. The legislature provided \$75 million for the Housing Trust Fund and new financing options for King County that should add another \$45 million annually for affordable housing.

With regard to revenue and fiscal issues, no bills were introduced related to maintaining local B&O tax authority. Certain State-shared revenues were restored, Bellevue will receive \$4 million per biennium from liquor taxes and liquor profits, and the City will continue to receive its distributions of fire insurance premium revenues. Ms. Taylor said the Public Works Assistance program is likely to be discontinued.

Under public safety, Ms. Taylor noted the consolidation of medical cannabis and adult recreational marijuana laws. Retail locations will be able to distribute medical marijuana if endorsed by the Liquor and Cannabis Board (LCB). Cooperatives will replace medical marijuana collective gardens in 2016. The cooperatives will be smaller and must be licensed by the LCB. The state legislature allocated \$12 million in marijuana revenues per biennium to cities and counties, and Bellevue is expected to receive approximately \$70,000 per year. The portion received by a local government is based on retail sales within a jurisdiction.

Responding to Councilmember Lee, Ms. Taylor said medical and recreational marijuana have different attributes in terms of THC levels and chemicals that provide a medical benefit. She said a retail store will not be required to sell medical marijuana.

Mayor Balducci questioned how law enforcement will be able to tell the difference between medical and recreational marijuana. Ms. Taylor said this legislation is considered as the first bill of many dealing with the regulatory scheme.

Continuing, Ms. Taylor said the City succeeded with the legislature's approval to modify weight and length limits for large Fire service vehicles. Deputy Fire Chief Mike Remington was actively involved in advocating for this legislation, and the bill was sponsored by Representative Joan McBride and Senator Steve Litzow.

Ms. Taylor said the Stormwater Financial Assistance Program received \$53 million, which was less than the \$80 million funded in 2013-2015. Under general government, a budget provision directs the State Auditor to review the best way to develop an accurate cost estimate to provide records. However, none of the other proposals related to the Public Records Act were passed.

Ms. Taylor reported that capital funding for Bellevue includes \$1.5 million for Meydenbauer Bay Park, \$1.5 million for Inspiration Playground at Downtown Park, and \$2 million for KidsQuest Children's Museum.

Next steps are to meet with each member of the City's legislative delegation, work with City staff to prepare capital funding requests for Capital Investment Program (CIP) projects, work with the Washington State Department of Transportation (WSDOT) on the implementation of the transportation package, and to participate in discussions on education funding including consideration of the property tax levy swap. There will be a short, 60-day session in 2016.

Ms. Nichols said Mr. Doubleday's knowledge and effectiveness in working with staff will be missed.

Councilmember Robinson thanked Mr. Doubleday for his work and for his ability to form relationships that would move the City's interests forward.

Councilmember Lee thanked Mr. Doubleday for being an effective partner on behalf of the City.

Deputy Mayor Wallace said he is pleased with what was achieved for Bellevue during this legislative session. He expressed concern about the property tax levy swap related to the McCleary decision requirements. He questioned whether the record increase in K-12 education funding achieved in 2015 covers the funding component, and whether the property tax levy swap is being pursued as a stable revenue source. Or are certain legislators looking at trying to achieve the levy swap and to further increase revenue?

Ms. Taylor said the court decision states that education must be primarily funded by the State. This has not been resolved by the state legislature and the property tax levy swap is considered a potential solution. The State could allocate more funding to education but that still would not address the levy inequity for a number of areas in which the predominate funding mechanism for schools is local levies. The court is directing not just a funding issue but also a policy issue. Some proposals utilize the property tax levy swap at no additional cost, and other proposals use the levy swap and are very costly. Ms. Taylor said the state legislature still needs to work through a number of issues.

Ms. Nichols noted that Bellevue residents pay taxes to multiple jurisdictions, including school districts. It will be important for City staff and Councilmembers to work with school boards and school representatives. Ms. Nichols said there are many proposals at this time. Between now and the next legislative session, staff and Ms. Taylor will work on gathering information and analyzing the issues and proposals.

Deputy Mayor Wallace observed that Bellevue and Seattle would be the biggest losers if the property tax levy swap is implemented. He said this is a significant issue for the City, the school district, and the State. He would like staff to stay on top of this and to update the Council as frequently as possible.

Mayor Balducci concurred with Mr. Wallace and said the City needs to insist on obtaining better information. She said the quality of the Bellevue School District is important to residents and potential residents, and any financial impact to schools is of deep concern for the City Council.

Councilmember Stokes said it is unfortunate that *The Seattle Times* referred to Bellevue as “lavishing money” on the school district. He said this is a gross exaggeration, and he noted the contributions of the Bellevue School Foundation. He said the Bellevue School District has been able to pass its bonds and levies while many school districts have not. He said approximately 40 percent of the funding from the levies goes to teachers’ salaries. He believes more money beyond a levy swap will be needed. He said the City should be working on the issue with the District.

Councilmember Robinson suggested a joint meeting with the Bellevue School District. Ms. Nichols concurred that would be helpful. She said that understanding school property taxing and school financing in Washington is a significant undertaking. She suggested that a number of Council study sessions will be needed to fully address the complexities.

Councilmember Chelminiak observed that the key is to be supportive of the District. He said it might not be necessary for the City to understand all of the intricacies of the funding issues, but to find the appropriate role to be supportive of school districts serving Bellevue residents.

Mr. Chelminiak thanked staff and the lobbyists for their great work during the recent legislative session. He said he has been working with Mr. Doubleday since 1988. He said Mr. Doubleday has been very effective in helping everyone understand issues and in advocating on behalf of the City.

Mayor Balducci said she was pleased to see approval of the REDI (Regional Equitable Development Initiative) Fund, which will help fund affordable housing near transit stations. She requested follow-up from staff with more details on the impact to the City of the changes related to State-shared revenues.

Responding to Ms. Balducci, Mr. Doubleday observed that, most likely, the State’s proposal regarding B&O taxing will be set aside going forward, as long as the multi-City B&O portal is in place. Seattle will start using the portal within the next couple of weeks, followed by Tacoma and Bellevue.

Mayor Balducci thanked Mr. Doubleday for his ability to work effectively with the legislature, even repeatedly on the same issues. Mr. Doubleday said he has enjoyed working with the City, and he is pleased with the outcomes of the 2015 session.

Mayor Balducci thanked Ms. Taylor for working with staff and Mr. Doubleday during this legislative session to provide a smooth transition. Ms. Balducci thanked City staff for their hard work as well.

(a) Council Business and New Initiatives

Councilmember Stokes noted information in the meeting materials regarding the water supply and the implementation of voluntary conservation measures. He said Bellevue is working with Seattle Public Utilities, Tacoma Water, and the City of Everett through the Cascade Water Alliance to monitor and manage the issue.

Mayor Balducci recalled that, during the budget process, the Council budgeted \$1 million of unallocated funds to advance planning on the Eastside Rail Corridor. An interim step is to match the trail improvements that have been completed on the Cross Kirkland Corridor. Bellevue representatives met with representatives of the King County Council, King County Executive's Office, King County Department of Natural Resources and Parks, and Sound Transit to discuss advancing interim trail use. The City committed to developing a plan, budget and schedule to be considered following the Council's August recess. Ms. Balducci noted Bellevue's interest in a grade-separated trail crossing at NE 8th Street.

[Modification of agenda]

6. Council Discussion of Upcoming Items

- (a) Consideration of the Hearing Examiner's Recommendation on the rezone application of **Michele and Paul Etsekson, dba Active Investment Co., LLC (Mountvue Place)**, amending the zoning of the site located at 14510 NE 20th Street from Bel-Red-General-Commercial (BR-GC) to Bel-Red-Commercial-Residential (BR-CR). The rezone would change the zoning of the property making it consistent with the Comprehensive Plan amendment approved by Council on December 12, 2014 (Ordinance No. 6211). The site is a 4.67 acre parcel split zoned with the street-side portion being BR-CR and the back portion being BR-GC. *[This is a quasi-judicial Process III application.]*

Land Use Director Carol Helland said the application of Michele and Paul Etsekson, dba Active Investment Co., LLC (Mountvue Place), is scheduled for Council action on August 3. The parcel subject to the rezone is located north of NE 20th Street and immediately west of the Fred Meyer store on 148th Avenue NE. The rezone request is intended to ensure consistency between the Comprehensive Plan and the City's zoning designations.

The Council approved the Comprehensive Plan amendment in December 2014. The rezone will allow the entire parcel, which is split-zoned between Bel-Red-Commercial-Residential (BR-CR) and Bel-Red-General-Commercial (BR-GC), to be zoned as BR-CR.

Ms. Helland said no comments were received directly by City staff or during the public hearing, and there were no appeals.

5. Study Session [Resumed]

(c) East Link Project Update

City Manager Brad Miyake introduced staff's East Link Project update and welcomed Sound Transit staff.

Transportation Director Dave Berg recalled that monthly updates were being provided through the spring, when the Amended Memorandum of Understanding (MOU) was adopted by the Council and the Sound Transit Board. The past few months have involved a great deal of technical work by staff. He said that tonight's update by Sound Transit staff would include a focus on issues related to the I-90 bridge. City staff will then present a number of other items, including an update on community outreach.

Ron Lewis, East Link Executive Project Director, said tonight's information is essentially the same as the presentation before the Sound Transit Board the previous week. The East Link project has two civil final design contracts, I-90 corridor and the Bel-Red corridor, and a project-wide systems final design contract. A smaller contract provides final design of the track bridge prototype, including testing and design refinement. Sound Transit has awarded pre-construction services contracts that will be described later in the presentation and continues with its property acquisitions.

Mr. Lewis noted the project schedule summary in the meeting packet. The Sound Transit Board adopted a baseline schedule earlier this year. He noted that staff develops a target schedule with targets that are always earlier than those in the baseline schedule.

Responding to Deputy Mayor Wallace, Mr. Lewis said the final design of I-90 is part of the critical path, as is the construction of I-90. Mr. Lewis said the key issue for moving forward with I-90 construction is completing the R8A Stage 3 project, which is currently under construction. Sound Transit is working with the State to coordinate the schedules. The R8A Stage 3 project completes the HOV system on I-90 by extending the outer roadway HOV lanes from Mercer Island into Seattle. This must be completed before vacating the center lanes for light rail construction.

Mayor Balducci questioned the criteria for classifying a portion of the project as critical path. The E335 package (Downtown Bellevue) is to be completed at roughly the same time as the I-90 portion but is not designated as critical path. Mr. Lewis said the reason is there will be more time available for the E335 work. He said the critical path is not for any individual activity, but for the path throughout the whole project. The I-90 design is critical and is linked to I-90 pre-construction and construction services. The critical path then turns to systems installations (E750 package).

Ms. Balducci said her understanding of the term critical path is that if the critical path component is delayed, the whole project is delayed. Mr. Lewis concurred with that general understanding.

However, he noted that there is extra time built into the end of the schedule to accommodate some level of delay.

Deputy Mayor Wallace questioned how construction of the Operations and Maintenance Satellite Facility (OMSF) coordinates with the East Link schedule. Mr. Lewis said the final Environmental Impact Statement (FEIS) for the OMSF is scheduled to be released this fall. At that time, the Sound Transit Board will make the final site selection. Staff is in the early stages of discussing how the OMSF project will be delivered, and a full evaluation will proceed after the site is identified.

Mr. Wallace said it would be helpful, for the next project update, to have more information about when OMSF construction is targeted to start and end. He observed there could be impacts related to the construction of the East Link alignment and to design issues for I-90.

Councilmember Lee said he would like a better understanding of critical path versus non-critical path project components. Mr. Lewis said he can provide more details about the coordination of activities during the next update.

Continuing, Mr. Lewis said I-90 corridor key final design activities include station, guideway and systems design; third-party agreements and permitting; the art program; community outreach; the resolution of IRT (Independent Review Team) issues; stray current mitigation; track attachment testing program; and seismic analysis.

Mr. Lewis said the IRT was established in 2008 by the State to conduct an independent technical review of the feasibility of light rail across the northern I-90 bridge. The Joint Transportation Committee (JTC) provided oversight of the team. The IRT report was concluded in September 2008 and stated that all identified issues could be resolved through the IRT's recommendations. Sound Transit and the State have been addressing those recommendations through the East Link design process. The I-90 work includes retrofitting the two existing tunnels and other structures along the corridor. Mr. Lewis said a WSDOT staff person works at Sound Transit's office as a liaison.

Mr. Lewis said 23 IRT issues were identified and organized into the following six categories: general, stray current mitigation measures, rail expansion joint design and prototype testing, impact of light rail track system installation on the I-90 bridge, seismic vulnerability of approach and transition spans, and miscellaneous. Of the 23 issues, 15 have been closed with WSDOT, five issues are in process, and three issues will be closed post-90 percent design. Closed with WSDOT means the technical analysis and study have been completed, and the documentation submitted by Sound Transit has been sufficient to achieve WSDOT's concurrence on the IRT issues.

Responding to Mayor Balducci, Mr. Lewis provided further clarification of the IRT issues. Of the five issues in process, two are related to the overall feasibility of the project and consistency with the Blue Ribbon Panel recommendations.

Responding to Ms. Balducci regarding stray current mitigation, Mr. Lewis said the light rail system is powered by electricity and the return of the current is through the rail. Sound Transit wants to ensure that it isolates its system to prevent power from straying and adversely affecting the bridge.

Deputy Mayor Wallace recalled that the IRT Study recommended an analysis of the economic impacts related to the potential loss of the bridge, if the life of the bridge is shortened by the impacts of stray current. He questioned whether that has been completed.

Mr. Lewis said Sound Transit is working closely with WSDOT to conduct a damage assessment. This includes looking at stray current issues as well as the long-term implications of light rail operating with the other uses on the I-90 bridge.

Mr. Wallace observed that, of the 23 IRT issues, some are very significant and others are relatively insignificant. Responding to Mr. Wallace, Mr. Lewis said Sound Transit staff will provide a matrix on the status of the IRT issues.

Mr. Lewis said there is a two-step process with the IRT issues. The first is Sound Transit working with WSDOT to complete the analyses to both agencies' satisfaction and to execute a concurrence letter regarding each of the IRT issues. The second step is a joint WSDOT and Sound Transit presentation to the Federal Highway Administration (FHWA).

Moving on, Mr. Lewis said some IRT issues require more work than others. He presented and described photos depicting work on the track attachments and stray current mitigation. One of the major IRT issues is the track bridge. He recalled that he has spoken about it in the past. The track bridge allows the transition from a fixed structure to the floating bridge to accommodate movement. Two full-scale prototype track bridges were created and tested in Seattle in a shop environment. They were then shipped with two light rail vehicles to a national testing facility in Pueblo, Colorado. Mr. Lewis said the testing was successfully completed.

Councilmember Chelminiak questioned how the track bridge is tested for wind impacts. Mr. Lewis said IRT Issue B is: "Operational restrictions for the combination of train loading and one-year storm loading from the north should be addressed." In its work on other projects (e.g., SR 520 bridge and other facilities) and looking at meteorological information, WSDOT determined that the design storm event would come from the north.

Mr. Lewis said light rail will be located on the existing north bridge, which is protected by the south bridge from weather coming from the south and southwest. Most of the area's storm events come from the south and southwest.

Mr. Lewis said Glosten Associates was hired by Sound Transit to reevaluate the north storm scenario. The design team recalculated the effects on the bridge and proposed the operational management of live loads (i.e., cars, pedestrians, bikes, trains, buses) to manage bridge stress and maintain the service life of the bridge. The team looked at probable and possible storm events under normal and extreme loading conditions.

Mr. Lewis said there would need to be sustained winds for an hour or more to generate enough wave action to impact the stresses on the bridge. The analysis confirms normal operations to sustain an eight-minute headway during peak periods. It also confirms restricted operations during extreme and sustained storm events from the north. Mr. Lewis said WSDOT has a practice of curtailing live loads or the use of a facility when justified by extreme weather events. Similarly, Sound Transit reevaluates its own services when winds reach 50 miles per hour to determine whether it would be prudent to shed loads.

Responding to Councilmember Lee, Mr. Lewis said the mechanics of the track bridge allow it to elongate and contract somewhat, which provides the ability to accommodate fluctuating lake levels. Mr. Lewis said he could bring a model to demonstrate the mechanism.

Councilmember Robinson observed that it is hard for people to visualize the complex design of the light rail system. She grew up in the San Francisco area and her father was one of the engineers who worked on the BART rail system which has been proven to withstand earthquakes. She thanked Mr. Lewis for the update and additional technical information.

Deputy Mayor Wallace observed that Sound Transit sounds confident the design issues will be successfully resolved. He said the contract was initiated two to three years ago with \$28 million, and Sound Transit recently asked for an additional \$20 million. He questioned the need for the current request.

Mr. Lewis confirmed that the original contract for final design of the I-90 corridor was nearly \$28 million. Staff went back to the Sound Transit Board for contract amendments to expand the project scope, which brought the value up to \$35 million. Design has progressed and staff went back to the Board last week with a request for a \$20 million contingency to complete the final design. Mr. Lewis said general areas for additional work are a bolt replacement program, similar to work on the SR 520 bridge; floating bridge flood damage assessment; and expanded scope due to the GC/CM (General Contractor/Construction Manager) model adopted for the work.

With regard to the wave analysis raised by Councilmember Chelminiak, Mr. Lewis said the north storms were not originally contemplated at the beginning of the project. That issue surfaced after Sound Transit initiated final design and required additional analysis and funding.

A second reason for the need for additional funding relates to design team inefficiencies. Mr. Lewis said Sound Transit staff could have had a better start with the project. The preliminary engineering phase developed concepts but it did not identify a single design concept that was ready to move forward. As a result, Sound Transit conducted further research and development during the early phases of final design before staff's work gained some traction.

Mr. Lewis said an additional issue affecting the need for more funding relates to direction provided by Sound Transit staff to the design team. In February 2015, staff directed the design team consultants to put their non-critical design work on hold and to focus only on the IRT issues. In retrospect, Mr. Lewis said Sound Transit waited too long to initiate that design work. He said it should have been initiated during the fourth quarter of 2014 as opposed to February 2015, in order to preserve the budget. At that time, Sound Transit staff also asked the consultant

to work on a cost-to-complete analysis, scope of work, and work plan. The consultant has provided Sound Transit with an estimate and scope of work. Certain key people working on the project have been changed, some at Sound Transit's request and some at the consultant's request, to ensure the project has the best team to complete full design.

Deputy Mayor Wallace questioned whether Sound Transit would consider starting construction of the Bellevue alignment and/or the Operations and Maintenance Satellite Facility (OMSF) before the agency is able to conclude, within some reasonable standard, that the project will be able to cross the I-90 bridge.

Mr. Lewis said WSDOT commented to the Sound Transit Board during the last presentation that no fatal flaws in operating light rail across the bridge have been identified. He acknowledged that there are details that need to be further addressed. However, this is typical of final design activities. Mr. Lewis said Sound Transit continues to purchase property, execute agreements, and to work its way through the permitting process. If work on different portions of the project is not done concurrently, the timeline for construction would be very long.

Deputy Mayor Wallace said he supports moving forward with the design, permitting and ROW acquisition activities. However, he would like to have assurance regarding light rail on the I-90 bridge before Sound Transit starts tearing up Bellevue. Mr. Wallace said he would like to have more discussion about the appropriate level of design certainty with the bridge before Sound Transit starts constructing the line in Bellevue and the OMSF.

Mr. Lewis said Sound Transit is confident of the ability to place light rail on the I-90 bridge. He offered to have Sound Transit staff provide additional information during a future update.

Councilmember Chelminiak said his understanding is that this issue is leading Sound Transit to delay certain permit applications. Mr. Lewis said Sound Transit has not delayed any permit applications in Bellevue. The design and mitigation permit for the Bel-Red area has been issued. Sound Transit has applied for design and mitigation permits in South Bellevue. Mr. Chelminiak questioned the status of construction permit applications. Mr. Lewis said he is not aware of plans to delay the submittal of construction permit applications.

Mr. Chelminiak recalled that the City and Sound Transit were in the middle of negotiating the East Link Amended MOU (Memorandum of Understanding) in February, at a time when Sound Transit was directing its consultant to adjust its work program. Mr. Chelminiak said the Council was not made aware of this issue. He views the project as a partnership and is disappointed that the information was not shared with the Council.

Mr. Lewis said he will make sure this does not continue to happen. He noted that staff did take the February direction to the consultant into account as part of their work to establish the project baseline. He said staff did not ask to use any project contingency funds.

Mr. Chelminiak questioned what percentage of the project budget is targeted for the I-90 bridge portion. Mr. Lewis said he would get back to the Council with that information.

Councilmember Lee expressed concern about the project budget as well. He said he appreciated the update from Sound Transit.

Responding to Councilmember Stokes, Mr. Lewis confirmed that the \$20 million contract increase does not change the MOU with the City. He further confirmed that Sound Transit is confident the issues related to the bridge will be resolved and the project will be completed. He thanked Mr. Lewis for the update and encouraged Sound Transit to keep the public and the Council informed.

Deputy Mayor Wallace said the cost issues relate to the Sound Transit East Subarea funds, which have been made entirely responsible for the cost of crossing the I-90 bridge, even though the bridge is not in the East Subarea. If the project costs reach the budgeted amounts, there will be significant concerns. However, Mr. Wallace said that is unlikely given the exorbitant contingency funds and overstated interest rates.

Councilmember Stokes said it would be helpful to have a better understanding of the concept of subarea equity.

Mayor Balducci said her understanding, after attending meetings of the Sound Transit Board and capital committee, is there is not a disagreement between the WSDOT engineers and Sound Transit engineers about the ability of the light rail project to cross the bridge. The issues are how that will be done, costs, and the duration of completing that segment of the project.

Ms. Balducci said the City Council needs a better understanding of the details including the specific issues and solutions. She said it is important for the City Council to reach a level of confidence that it can share with the public about the ability to complete the project as planned with it connecting to the regional system.

With regard to subarea equity, Ms. Balducci suggested that the Council discuss how it wants to address this principle. She said the concept was defined in the Sound Transit 2 package, which essentially stated that subarea monies can be used to fund projects that benefit the subarea. It did not state that the monies must be used within the boundaries of the subarea. Ms. Balducci observed that connecting Eastside light rail to the regional system is a benefit to the subarea.

Ms. Balducci said the next discussion about subarea equity will occur within the context of planning the Sound Transit 3 (ST3) package.

Continuing with the presentation, Mr. Lewis described recent and upcoming community outreach activities. He introduced Jennifer Lemus, Sound Transit's new Community Outreach Corridor Supervisor, and described her past experience with other agencies and with Sound Transit.

Mr. Lewis highlighted information regarding property acquisitions and East Link pre-construction services. He summarized that issues and challenges are maintaining progress with final design, actively managing civil final design contracts, addressing the remaining IRT issues,

obtaining permit issuance, continuing with property acquisitions, and maintaining the construction procurement schedule.

Councilmember Chelminiak said a number of homeless individuals camp along the BNSF corridor. He said a citizen reported to him that Sound Transit's response to this issue was they would "just run them out." Mr. Chelminiak said Congregations for the Homeless and the Police Department conduct community outreach to the homeless. He would like Sound Transit and the City to work cooperatively with human services agencies to address this issue.

Mr. Lewis said Sound Transit has a long history of needing to displace homeless individuals as projects are developed. However, he said this is done with care and he is surprised at the characterization of Sound Transit's response. Mayor Balducci asked Mr. Lewis to provide Sound Transit's response to this issue in writing.

Ms. Balducci thanked Sound Transit staff for the presentation.

Moving to City staff's presentation, Project Manager Nancy LaCombe provided an update on implementation of the East Link Amended Memorandum of Understanding (MOU). She noted the detailed work program in the meeting packet and highlighted certain items.

Ms. LaCombe recalled that, in July 2014, the Sound Transit Board selected their preferred site of the BNSF corridor in Bellevue for their Operations and Maintenance Satellite Facility (OMSF) and directed moving forward with preliminary design and the final environmental review process. Sound Transit anticipates completion of the final Environmental Impact Statement (FEIS) in September/October 2015 and action by the Board on the FEIS in October 2015. The City anticipates the issuance of a Federal Transit Administration (FTA) Record of Decision by the end of the year.

Ms. LaCombe highlighted elements of Phase 1 of the OMSF project including allowing for future transit oriented development (TOD) in the future and non-motorized connections between 120th Avenue NE and the future Eastside Rail Corridor (ERC) trail system. Sound Transit has committed to constructing an interim ERC trail between the Hospital Station and SR 520. This phase of the project also accommodates the future daylighting of the Kelsey Creek West Tributary.

The MOU states that, within 30 days of the Board's final site selection, the City will initiate a Code amendment process allowing for the OMSF in the BelRed corridor. Within 60 days of the Board's site selection, a market analysis for future TOD is to be commissioned. The results of the market analysis will form the basis of a Development Agreement for the Phase 1 parcels. City staff will return to the Council to develop principles and a framework for future TOD.

Ms. LaCombe said Sound Transit has issued a Request for Expression of Interest (RFEI) to gauge the interest in possible contracting alternatives to construct the OMSF and TOD concurrently. Feedback from the RFEI is anticipated to inform the options and principles for consideration early in the process. The RFEI requests that interest parties provide information to Sound Transit sometime in mid-August.

Ms. LaCombe said the MOU outlined several joint or coordinated projects including: 1) Sound Transit performing work for the City (actual costs); 2) the City performing work for Sound Transit (lump sum); and 3) shared project costs.

The first category includes activities related to the Spring Boulevard Zone 1 project: 1) pre-construction services for General Contractor/Construction Manager (GC/CM); 2) GC/CM participation in value engineering; 3) GC/CM preparation of maximum allowable construction cost; 4) a decision to move forward; and 5) an August 3, 2015 Council resolution authorizing pre-construction services (\$172,000).

Ms. LaCombe said the provisions for the City performing work under a lump sum required payment within 60 days following the signing of the Amended MOU. The City received a payment totaling approximately \$801,000 on July 2, 2015 for several projects including the Mercer Slough boardwalk and blueberry farm retail structure design costs, Surrey Downs Park mitigation design and construction costs, 112th Avenue SE waterline replacement design and construction costs, and a Bellevue Way SE temporary bus stop.

Shared project costs are related to the 120th Avenue NE and 124th Avenue NE property acquisition costs. The City is the lead agency for property acquisitions along 120th Avenue NE, and Sound Transit is the lead agency for 124th Avenue NE. City staff have sent letters to affected properties and anticipate an August 3, 2015 ordinance authorizing acquisition through eminent domain, if necessary. Sound Transit has updated the appraisals of two parcels and their condemnation authority is already in place.

Ms. LaCombe highlighted permitting and mitigation activities. The final Citizens Advisory Committee (CAC) advisory document for South Bellevue has been transmitted to the Development Services Director for staff review. The City and Sound Transit are discussing construction sequencing to inform the installation of temporary and permanent noise walls. Permitting and mitigation issues related to the downtown tunnel segment include review of the clear and grade permit, Sound Transit's extended work hours request, construction sequencing for noise wall installation, and engagement with the Surrey Downs neighborhood. Staff will return in September with an update.

The CAC has completed its review of permitting issues for the Central Downtown segment and anticipates the committee's action on the final advisory document on September 2, 2015. For the BelRed segment, the design and mitigation permits were issued and no appeals were received before the appeal deadline.

Ms. LaCombe said the City and Sound Transit are working together to identify opportunities for minimizing the duration of construction and impacts along Bellevue Way SE. Staff will provide an update on this work in September.

Ms. LaCombe commented on public outreach, noting that stakeholder communications continue to address all project segments and issues. She introduced Stacy Cannon, Transportation Assistant Planner, who is filling in for Kate March while she is on maternity leave. The City's

Neighborhood Traffic Services division will develop the framework for working with the neighborhoods and Sound Transit on neighborhood traffic impacts. Sound Transit and the City are engaging with potential partners (e.g., Bellevue Downtown Association) to implement the public relations campaign throughout construction.

Ms. LaCombe recapped that staff will be requesting the following actions by the Council on August 3: 1) resolution authorizing pre-construction services for Spring Boulevard Zone 1, and, 2) ordinance authorizing property acquisitions through eminent domain for 120th Avenue NE Stage 3. Updates will be provided this fall on Bellevue Way SE traffic management, South Bellevue Park and Ride, construction noise mitigation, OMSF activities (i.e., market analysis and development agreement), and public outreach.

Mayor Balducci thanked staff for the presentation.

(d) 2015 Transportation Impact Fee Program Review

City Manager Miyake introduced staff's presentation regarding the 2015 Transportation Impact Fee Program review. Effective January 1, 2016, the adopted Impact Fee Schedule includes automatic step increases from \$3,000 to \$5,000 per new PM peak hour trip. Under state law effective September 1, 2016, cities must provide the option for the deferred payment of impact fees for certain residential uses.

Eric Miller, Capital Programming Manager, said impact fees are a one-time charge paid by new development for the capital costs of public facilities needed to serve the new development. Impact fees were first established in Bellevue in 1990 following a two-year public process resulting in recommendations by a citizen Traffic Impact Task Force and a Council-appointed Traffic Oversight Committee.

Mr. Miller said the 2009 Impact Fee Program update amended BCC 22.16 to clarify the fee calculation methodology, update definitions and references, and to establish a citywide impact fee area (versus previous districts). The fee schedule was adopted by a separate ordinance. The Code allows applicants to provide a traffic analysis to justify a different/lower fee and allows for Council modification of the fee through a development agreement.

Impact fees can be used for roadway system capacity improvements identified in an adopted Capital Facilities Plan and for other standard features associated with capacity improvements including sidewalks, bike lanes, street lighting, and storm drainage.

The 2016-2027 Transportation Facilities Plan (TFP) includes a total of 54 projects, which includes 16 impact fee projects (i.e., funded roadway and intersection capacity). The eligible impact fee project costs are \$218.7 million. Impact fee projects include the NE 4th Street Extension, 120th Avenue NE (Stages 2 and 3), NE Spring Boulevard (Zones 1 and 2), Bellevue Way HOV lane, five downtown intersections, and the Lakemont Boulevard/164th Avenue SE traffic signal.

Mr. Miller said impact fees cannot be used to fund existing deficiencies, operating or maintenance expenses, non-capacity projects (e.g., safety, pavement preservation), or multimodal projects (e.g., transit, Park and Ride, separate pedestrian-bike facilities).

Mr. Miller said the Council adopted Ordinance No. 5872 in 2009, which outlines phased increases in the fee schedule from \$2,000 per trip in 2010 to \$5,000 per trip in 2016. The Council may revise the fee schedule at any time. Based on the preliminary TFP projects and costs, and the 2015-2027 growth forecast, the eligible cost of a growth trip would exceed \$7,000 per new PM peak hour trip. This supports the adopted impact fee step increase beyond the \$5,000 per trip rate scheduled for 2016.

Mr. Miller highlighted impact fee rates for sample housing and office developments. Impact fees are currently due at the time a building permit is issued. New state legislation requires that cities offer a payment deferral system for single-family uses by September 1, 2016. The system must include one or more of these options (not to exceed 18 months): 1) payment not due until final inspection, 2) payment not due until Certificate of Occupancy, or 3) payment not due until the time of closing of the first sale of the property, after the building permit is issued.

Mr. Miller said a deferred payment of impact fees benefits a developer's cash flow and aligns the payment with the timing of the impacts. However, the deferral of payments has a negative impact on the City's capital cash flow, increases the administrative process and cost, and requires a payment security lien. Mr. Miller noted that very few new single-family homes that would be subject to impact fees are built in Bellevue. He said staff will return with legislation for Council action to amend the City Code to comply with the new state law.

Responding to Councilmember Stokes, Mr. Miller said staff is researching the implications of the deferred payment options, including looking at other local governments that have already been allowing deferred payments.

Responding to Councilmember Robinson, Mr. Miller said staff will review the current citywide single district approach to determine whether that seems reasonable given the current mix of projects and projected growth patterns. It is possible that designating additional districts would make sense given those factors.

In further response to Ms. Robinson, Assistant City Attorney Monica Buck said that, under the current Code, a developer can submit its own traffic impact fee study to demonstrate that a different impact fee should be applied to their development. This provides the opportunity for an individualized evaluation of developments.

Councilmember Robinson expressed an interest in understanding the positive and negative aspects of a single impact fee district versus multiple districts.

Ms. Robinson said she supports increasing impact fees. However, she suggested offering the option for developers to buy down those fees if they provide project elements to reduce traffic impacts (e.g., bike facilities at offices/housing, connections to bike corridors). Mr. Miller said further analysis of that issue would be needed to answer the question.

Councilmember Robinson said she is interested in ways to encourage developers to create connectivity to elements of the Bellevue Pedestrian-Bicycle Plan.

Responding to Councilmember Lee, Mr. Miller suggested that the Council provide direction if there is an interest in changes to the program and impact fee schedule. Mr. Lee observed that the 2009 update appears to be appropriate. Mr. Miller said staff will conduct further review.

Deputy Mayor Wallace thanked staff for their thorough review of the impact fee program, including review of the legal issues given recent case law in this area. He is opposed to impact fees but acknowledges their necessity. He noted that Bellevue is charging less than it could. However, the fees are not insignificant. Mr. Wallace said the fees do have implications for affordable housing and housing growth, and the City needs to take that into consideration.

Mr. Wallace said he would like to consider whether it would be appropriate to apply the deferral of impact fees to all projects instead of only single-family projects. He recalled that in past Council discussions, a key issue was: What happens if the property is foreclosed before the City collects its fee? He would want to be confident that the City would be able to get the fee before the building opened, perhaps by conditioning the Certificate of Occupancy on the payment of the fee or requiring that the payment security lien be senior to lender liens. He would like staff to explore the feasibility of these approaches.

Mr. Wallace said conditioning the Certificate of Occupancy on the payment of impact fees might be especially appropriate for single-family development. He expressed concern about allowing the mortgage holder to hold lender liens above the City's ability to collect its impact fee security liens.

With regard to impact fee increases for 2017 and beyond being based on annual indexing, Deputy Mayor Wallace would like to see projections of actual impact fee rates over the next five to 10 years. What would the City's loss be if impact fees were capped at \$5,000 per trip? Is there a cap that would be revenue neutral given the current assumptions of the indexing?

Moving on, Deputy Mayor Wallace said the Newport Hills area might have 100 new housing units. However, traffic in that area will not impact the road system in the areas of the projects listed in the TFP. He questioned how to achieve an appropriate nexus and proportionality of impact fees if there is one citywide impact fee district.

Similarly, Mr. Wallace questioned the discount for Downtown development but not for other projects in transit oriented development (TOD) areas. He observed that a BelRed Spring District project should have the same discount as a Downtown project. He questioned how to resolve the issue of fairness in relationship to the availability of transit service for specific developments.

Deputy Mayor Wallace said it would be helpful to have input from community stakeholders including the Master Builders Association, Chamber of Commerce, developers, and others.

Councilmember Stokes concurred with the Deputy Mayor and Councilmember Robinson about the value of studying and considering the possibility of multiple impact fee districts.

Councilmember Chelminiak expressed support for the current system. However, he is interested in exploring the issue of one district versus multiple districts as well. He suggested that, if the City's program complies with recent court cases, he would prefer to maintain the single district system. He noted that, if impact fees are reduced, the City must use other revenue sources to complete projects.

In terms of fairness, Mr. Chelminiak said he was surprised to see the Lakemont Boulevard/164th Avenue project as an impact fee project. He observed that the project is needed for general traffic flow and that there is a fairness in having the rest of the City fund the project, even though it is in one neighborhood. He said perhaps the citywide approach could benefit Newport Hills as well if a capacity project was needed in the future. Mr. Chelminiak observed that there are aspects of fairness in both a single district and multiple district approach. He would prefer to maintain the citywide approach unless there are compelling reasons to change.

Mayor Balducci summarized that she heard interest in some type of incentive program. She heard a request to consider options and the impacts of changing the payment date for multifamily and commercial development, similar to single-family development.

Ms. Balducci said the issue of deferring impact fee payments was discussed at the time of the 2009 impact fee program update. The discussion was that, while traffic impacts would not begin until the developments were occupied, the City would use the money to complete transportation projects to coincide with occupancy. The concept is that the fees are provided to ensure that infrastructure is built as the growth and development occurs.

Mayor Balducci said she would like to see an analysis of examples of what would happen if impact fee payments are deferred.

Ms. Balducci said she heard an interest in analyzing an appropriate cap on impact fees beyond 2016, when fees will increase based on annual indexing.

Ms. Balducci said she heard Council interest in comparing the current citywide impact fee approach to a multiple district approach. She noted that the meeting packet materials indicate staff's intent to conduct this review.

Councilmember Lee reiterated his support for the current program based on the 2009 update.

Mayor Balducci thanked staff for the presentation. Responding to Ms. Balducci, Mr. Miller suggested that, if changes are made by the Council, it would be best to complete them this fall before the new impact fees go into effect on January 1.

(1) Update on King County Metro Long-Range Plan

[Information provided in meeting packet.]

7. Continued Oral Communications: None.

At 9:42 p.m., Mayor Balducci declared the meeting adjourned.

Kyle Stannert
Interim City Clerk

/kaw