

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

May 16, 2016  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

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

ABSENT: Mayor Stokes

1. Executive Session

Deputy Mayor Chelminiak called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately 20 minutes to discuss one item of pending litigation.

The meeting resumed at 6:27 p.m., with Deputy Mayor Chelminiak presiding. Mr. Chelminiak noted that Mayor Stokes was receiving an award from the PTSA and would arrive later for the Regular Session.

Mr. Chelminiak noted recent news articles about water testing for lead in Bellevue schools. He said water quality and water resiliency would be discussed under Agenda Item 2(c), and the 2016 Water System Plan would be brought forward at a future meeting.

2. Study Session

- (a) City Council Scoping Letter Comments on Energize Eastside Phase 2 Draft Environmental Impact Statement (DEIS)

Deputy Mayor Chelminiak said the Council received an email from Norm Hansen over the weekend with a suggestion for the comment letter on the scoping of the Energize Eastside Phase 2 Draft Environmental Impact Statement (DEIS) review. Mr. Chelminiak observed that it was reasonable to add the item to the letter, if the Council concurs.

Deputy City Manager Kate Berens recalled previous discussions regarding the Council's comment letter and noted that the comment period ends May 31. Ms. Berens said that, by submitting a comment letter, the Council is acting in the capacity of a stakeholder with an interest in the project and not as a permitting agency or responsible official. She said the City's responsibilities for engaging in and preparing the DEIS have been delegated by City Code to the State Environmental Policy Act (SEPA) Responsible Official, which is a City staff person.

Nicholas Matz, Senior Planner, said the draft comment letter has been revised following the Council's discussion on May 9. He said the Council's suggestion that the DEIS continue to analyze energy conservation components is reflected in Comment 7 of the draft letter [Attachment 1a] in the meeting packet. References to property values and land use impacts have been added to Comment 5.

Mr. Matz said Comment 3.4 reflects the Council's suggestions to: 1) differentiate construction and operations impacts and mitigation, and 2) address noise and access impacts that might occur during construction.

Mr. Matz recalled that the Council would like the DEIS to consider the best practices in mitigation across the jurisdictions affected by the Energize Eastside project. This issue is referenced as Comment 3.5. The Council's suggestion to coordinate construction of the project with the City's capital projects has been added as Comment 8. The suggestion to use the concept of ecosystem service value to quantify tree removal impacts has been added as Comment 4.4. The issue of transparency regarding the process and the consideration of Alternative 2 from the Phase 1 DEIS is addressed in Comment 6 and in a new Comment 7.

Mr. Matz said the Council previously questioned the rationale for the conclusion in the Phase 1 DEIS that the Alternative 2 components would not likely be able to meet the project objectives regarding capacity, cost, reliability, and electrical and non-electrical criteria. The Phase 1 DEIS determined that the alternative would result in uncertainty about how much infrastructure would be installed and how much additional supply would be needed and available each year. The Phase 1 review also concluded that Alternative 2 was not a reasonable alternative under the SEPA definition of the range of possible alternatives to meet Puget Sound Energy's objectives. Mr. Matz said a complete analysis of Alternative 2 will be provided in the Final Environmental Impact Statement (FEIS).

Mr. Matz said the Phase 2 DEIS Scoping comment period ends on May 31. The DEIS will be issued in early 2017, and the FEIS will be issued by the summer of 2017.

Ms. Berens noted the staff memo regarding additional proposed changes related to tree canopy, analysis of alternative pole heights, collocation with the Olympic Pipeline, coordination with the City's Newport Way project, and revision of the Safety Impacts heading to Health and Safety Impacts.

Responding to Deputy Mayor Chelminiak, Ms. Berens said Norm Hansen's suggestion is addressed by the following proposed revision to Comment 4.3: "The Phase 2 DEIS should also evaluate modifications to avoid or minimize tree loss, as well as mitigation measures including undergrounding of the transmission line and/or replacement of the trees removed in construction, that address loss of trees as well as any ecological function or habitat loss."

Councilmember Robinson expressed support for the draft letter and the minor modifications proposed in the May 16 memo from staff. She said Items 7 and 8 of the letter capture her comments from previous discussions.

Councilmember Slatter said she was absent from the previous week's Council meeting. However, she viewed the discussion online and appreciated staff's explanation about the purpose of the comment letter and the Council's role.

Ms. Slatter said there is a no action/efficiency/conservation alternative and the Willow 2 alternative preferred by Puget Sound Energy. She suggested that the final project could be a combination of components from both alternatives. She said Bellevue is an innovative community that might consider new energy technologies in the future. Ms. Slatter acknowledged that this is not the purpose of the EIS. However, that does not preclude discussion of this issue.

Deputy City Manager Kate Berens confirmed that the EIS will evaluate PSE's preferred alternative. However, the Council has separately discussed and directed staff to continue to present new green power ideas for future consideration. While that type of opportunity will not displace the need for the Energize Eastside project, staff will continue to pursue new ideas and to present them to the Council.

Councilmember Lee said he would like to add language to the comment letter consistent with Councilmember Slatter's observations regarding innovative energy technologies. Mr. Lee would like to maintain the flexibility for the impact of new technologies on the current alternative preferred by PSE.

Ms. Berens said there will be comments from the public about alternatives that could meet the purpose and need for the project. To the extent that those alternatives could meet PSE's purpose and need, they will continue to be evaluated in the EIS. In addition, alternatives that do not meet PSE's defined purpose and need, including emerging technologies, will be described and evaluated in the FEIS. The EIS process is a tool to reveal the impacts of the proposed project.

Ms. Berens said that Council direction to staff to continue to participate in planning efforts with PSE does not belong in the comment letter, which is specifically focused on what should be covered in the EIS. However, staff will continue to monitor energy planning and bring back ideas and projects for future consideration with PSE.

Councilmember Slatter acknowledged that alternative technologies are not within the purview of the comment letter. However, she questioned whether the letter could state that the project does not preclude energy options the City might want to consider in the future and/or to pursue through the state legislature.

Deputy Mayor Chelminiak said this is a letter about the Phase 2 DEIS for the Energize Eastside project. He said the Council should consider energy alternatives and ideas on an ongoing basis, and a number of related issues are reflected in the Environmental Stewardship Initiative. Mr. Chelminiak discouraged substantive revisions to the comment letter. He said PSE anticipates

submitting a permit application this year for a 230 kV line, most likely along the Willow 2 alignment. Mr. Chelminiak said the City needs to be focused on preparing for the anticipated project application.

Councilmember Slatter concurred with not making further revisions to the letter. However, she wants PSE to understand that the City will continue to be interested in emerging, alternative energy technologies.

Responding to Councilmember Wallace, Ms. Berens confirmed that PSE is not obligated to study alternatives or change its plans based on suggestions by the regulatory body. Ms. Berens said the EIS is a disclosure document regarding a project and the anticipated impacts. In further response to Mr. Wallace, Ms. Berens agreed that it is similar to the regional light rail project in that the City cannot preclude it, but can require mitigation.

Responding to Councilmember Wallace, Mr. Matz clarified that the Willow 2 alternative contains multiple optional components or segments.

Deputy Mayor Chelminiak requested Council direction that staff finalize the comment letter for the Mayor's signature.

- Councilmember Robertson moved to direct staff to finalize and send the comment letter provided in the Council's desk packet, as amended by the May 16 memo described tonight. Councilmember Wallace seconded the motion.
- The motion carried by a vote of 6-0.

(b) Long Range Financial Planning Update

Toni Rezab, Acting Finance Director, recalled that the Council had a series of discussions in 2014 regarding the Capital Investment Program (CIP) Plan. At that time, staff prepared a \$1.2 billion project list and projected \$400 million in revenue over 20 years toward that project list. The Council increased the property tax by two percent in 2015 (\$12 per year for a \$640,000 home), which generated approximately \$700,000 annually.

Ms. Rezab said the Fire Department presented its Fire Facilities Long Range Plan in 2014 with an estimated cost of \$130 million. The plan included improvements to all nine facilities and the addition of a Downtown Fire Station. The Council included the top three priorities of that plan in the 2015-2021 CIP Plan: Station 5, Clyde Hill (\$12 million); Station 10 land acquisition (\$7.3 million); and Training Center (\$5 million).

Ms. Rezab presented a graph showing the seven-year CIP forecast and long-range forecast. She noted a significant funding gap beyond 2021/2022. She said the City conducts three surveys on a regular basis: performance measures, budget survey, and business survey. The five key themes/priorities from historical and recent surveys are traffic congestion/growth, public transportation, public safety, open space and parks, and affordable housing.

With regard to traffic congestion, Ms. Rezab said the 2015-2021 CIP Plan completes several capacity projects including Spring Boulevard Zone 1, 120<sup>th</sup> Avenue corridor, and 124<sup>th</sup> Avenue corridor. She said the City continues to work with regional partners on public transportation. In the area of public safety, Ms. Rezab said that recent budgets restored a number of fire fighter positions and reinstated the Police bike patrol. The voted Parks levy continues to complete parks and open space projects, and the City is beginning to work on developing an affordable housing strategy.

Ms. Rezab said the Council's top priorities that overlap with community input include transportation and mobility projects as well as neighborhood projects focused on safety and connectivity. She said the current CIP Plan builds one mile of neighborhood sidewalks annually, and the annual overlay program provides approximately three miles of bike lanes. Additional Council priorities identify large-scale projects including the Grand Connection, a cultural center, and civic center.

Ms. Rezab said there are three areas with clear funding gaps: 1) mobility in the BelRed corridor, 2) neighborhood safety and connectivity, and 3) Fire Department Long Range Facility Plan.

Ron Kessack, Assistant Director of Transportation, said the Council might want to consider applying for TIFIA (Transportation Infrastructure Finance and Innovation Act) funding to execute transportation capital projects for future growth and mobility in the BelRed area. The program is administered by the U.S. Department of Transportation and provides low-interest loans under favorable terms for transportation projects. The current loan rate is 2.57 percent and the payback period can be up to 35 years following project completion.

Mr. Kessack said a loan would enable the City to leverage capital investments in the BelRed corridor, with the objective of completing the majority of the arterial street system by the time the East Link light rail project begins operations. City staff met with U.S. DOT staff in March to discuss the City's proposal, which asks the DOT to consider projects the City has recently completed (e.g., NE 4<sup>th</sup> Street, 120<sup>th</sup> Avenue Phase 1), projects under construction, and other projects not yet started toward the City's match funding. DOT staff indicated that would be possible and suggested moving forward to prepare a letter of interest.

Mr. Kessack said there is an ongoing need to implement projects in neighborhoods with a focus on safety and connectivity, including sidewalks, crosswalks, and traffic calming. He said there is an increasing backlog of requests for neighborhood traffic safety projects, new sidewalks and trails, new bike facilities, additional sidewalk and trail maintenance, and the use of technology to improve safety and traffic management.

Fire Chief Mark Risen described the Fire Facilities Long Range Plan, which was initially discussed with the Council in June 2014. The 2015-2021 Capital Investment Program (CIP) Plan includes the top three priorities for a total cost of \$24 million: 1) Fire Station 10, Downtown land acquisition (\$7.23 million); 2) Fire Station 5 replacement (\$12 million); and 3) Training Center

partial renovations (\$5 million). Chief Risen said the plan recommends remodeling, upgrades, or new facilities for all fire stations.

Ms. Rezab noted Attachment D in the meeting packet, which provides a full list of revenue options for Council consideration. Based on previous Council discussions, the most viable options are the property tax (Councilmanic or voted) and/or the creation of a Transportation Benefit District (TBD).

Deputy Mayor Chelminiak said former Mayor Balducci and then Deputy Mayor Wallace began discussions regarding the TIFIA loan process. He said the Council has worked hard to provide road capacity projects moving forward in coordination with the light rail project. There are also significant needs for neighborhood projects related to traffic safety.

Councilmember Wallace said this is an opportunity to ask the voters for a property tax increase to cover some of the cost of transportation projects. Past discussions with Mayor Balducci, Deputy Mayor Chelminiak, and City staff identified a 12.5 cents per \$1,000 AV increase in the property tax for the Fire Facilities Long Range Plan and an equal amount for transportation projects. A 20-year levy for the Fire Facilities Plan would produce roughly \$5 million annually for a total of \$100 million. Mr. Wallace said additional funding could be pursued through grants and opportunities to work with neighboring cities.

Mr. Wallace said there are two components of transportation funding: 1) major congestion and growth investments, and 2) smaller projects. He said the former are strong candidates for TIFIA and other grant funding, while the latter are more suited toward levy funding. The \$5 million generated annually by a levy would enable the City to prioritize neighborhood safety and connectivity projects. He would like a citywide review of all neighborhoods to identify deferred maintenance, safety improvements, and bike/trail facilities needs. Mr. Wallace said he would like the Transportation Commission to study the potential for a fund that provides opportunities to embrace new technologies for improving mobility.

Mr. Wallace suggested moving forward with a property tax levy of 12.5 cents per \$1,000 AV for transportation funding and 12.5 cents per \$1,000 AV for funding toward the Fire Facilities Long Range Plan. He requested Council support to direct staff to work with the Transportation Commission to help develop a package and initiate the process for a ballot measure.

Deputy Mayor Chelminiak said the levies provide the ability for the City to complete needed transportation and safety projects more quickly.

Councilmember Robertson said she is pleased the Council is moving forward with discussing long-range financial planning. She supports pursuing the TIFIA loan option. She concurred with Councilmember Wallace's proposal for transportation and fire facilities levies. She said the City has such a long history of fiscal restraint that the property tax rate and buying power has decreased over time. However, Bellevue's growth highlights the need for enhanced investments in neighborhood transportation projects and Fire Department facilities.

Responding to Councilmember Robertson, Ms. Rezab said the next step, if approved by the Council, is to develop the community outreach plan. Ms. Robertson noted the importance of a robust community outreach effort.

Responding to Councilmember Slatter, Ms. Rezab said the Councilmanic capacity related to the property tax is \$8.6 million, which equates to approximately 20 cents per \$1,000 AV.

Ms. Slatter observed that growth requires investments in infrastructure, particularly in the areas of safety and connectivity. She expressed support for pursuing the TIFIA loan option. She concurred with the suggestion to develop a voter package, but would also like to consider the Councilmanic option as well. She recalled that community surveys consistently highlight concerns about traffic, congestion, and connectivity.

Deputy Mayor Chelminiak concurred with the suggestion to consider the Councilmanic property tax capacity. He requested information comparing the Councilmanic approach with the use of an excess levy.

Councilmember Lee said he appreciates that the Council has traditionally been fiscally prudent. He expressed support for pursuing the TIFIA loan for major projects. He concurred with the need for fire facilities investments, noting that he has always advocated for spending the City's first dollars on public safety. He expressed support for developing ballot measures for consideration by the voters.

Mr. Lee noted that Bellevue provides fire services for neighboring cities. Chief Risen said the impacts to neighboring contract cities need to be analyzed. He said there is an opener in the contract regarding significant facilities investments. Mr. Lee encouraged negotiating with the cities.

Councilmember Lee suggested discussing a range of transportation packages. He said he supports the proposed property tax for fire facilities. However, he is not certain that the same level of funding is needed for neighborhood transportation projects. He wants to include projects that provide connections between neighborhoods.

Councilmember Robinson expressed support for the proposed actions involving the TIFIA loan and voter packages. She said neighborhood transportation and connectivity projects, as well as public safety investments, are important priorities for the City.

Deputy Mayor Chelminiak said the topic will come back to the Council for a discussion of the community outreach plan.

(c) Water System Resiliency and Bellevue's Drinking Water

Deputy City Manager Kate Berens said this agenda item was modified to postpone discussion of the 2016 Water System Plan in favor of addressing recent issues that have been raised.

Utilities Director Nav Otal said the discussion would focus on two issues: water quality and water system resiliency.

Ms. Otal said Bellevue's water is safe and does not contain lead. Lead in a water system is a function of how corrosive the source water is and the use of lead pipes. Both factors contributed to the lead in the water system in Flint, Michigan. Bellevue routinely tests for lead and copper in its water and publishes annual water quality reports. Ms. Otal said this region's water sources (Tolt Watershed and Cedar Watershed) are pristine and the water is treated.

Ms. Otal said the City owns the water system up to individual water meters, which includes a portion of the service line. No pipes in Bellevue are older than 1946, and water mains constructed during or after 1946 do not contain lead compounds in contact with the drinking water.

A second potential source of contamination is the service lines. Ms. Otal said galvanized water service lines containing lead were used in buildings constructed in the 1940s or earlier. Bellevue replaces galvanized water service lines when a property redevelops or as it replaces water mains through its asset management program. The City found only one property over the past 20 years that had a gooseneck fitting, which is common for pre-1930s plumbing and can be conducive to lead contamination. Ms. Otal said it is important to keep in mind that Bellevue's water source is not corrosive.

The third potential source of contamination is plumbing within structures. Plumbing systems constructed before 1986 might be at risk for lead exposure due to lead in solder, brass fixtures and zinc coatings, if local water is corrosive.

Ms. Otal said the City has conducted random tap water testing inside homes since the early 1990s. The last sampling was completed in 2014. Of the 50 residences sampled, only one resident's water tested above the guideline of 15 parts per billion for lead, and the cause was internal plumbing.

Ms. Otal said the City conducted additional lead testing this month of drinking water in approximately 30 older homes built in the 1940s or earlier. The results should be available next week.

Ms. Otal noted recent news about lead in the water in certain Bellevue schools. She said the City contacted the Bellevue School District in April to offer support for lead testing.

Jack McLeod, Director of Facilities and Operations for the Bellevue School District, said he was contacted by the Associated Press regarding water testing in local schools. He said testing had been completed the previous week at Ringdall Middle School, which is one of the district's older facilities. Previous testing of water in schools was completed in 2005, in response to the U.S. Environmental Protection Agency lowering its threshold for lead content. Of the 16 elementary schools tested, 13 tested positive for lead. Some of the middle schools and high schools tested positive as well. However, the lead levels found in most of the tests were less than 1 part per



billion, compared to the new EPA threshold of 20 ppb. Mr. McLeod said a few fixtures tested above the 20 ppb threshold. These were replaced and retested, and found to be below the threshold.

The Bellevue School District began rebuilding its schools in 2002 and has completed 19 major reconstructions since that time. Water in all facilities was tested and found to meet current standards. The Safe Drinking Water Act in 2011 further reduced the EPA's threshold to 15 ppb. The District will complete current testing of all schools by May 20 and submit the samples to the testing laboratory for results.

Ms. Otal noted that the City and the Cascade Water Alliance are reaching out to all public and private schools regarding lead testing and actions to prevent lead contamination in schools. One private school has requested assistance from the City to date.

Ms. Otal said information for customers is provided on the City's web site, and the annual water quality report is mailed to customers. She encouraged citizens to call the Utilities Water Quality Division at 425-452-6192 if they have concerns about lead in their drinking water. The Washington State Department of Ecology provides a list of labs certified to test drinking water, with costs ranging from \$25 to \$50.

Responding to Councilmember Slatter, Mr. McLeod said the results of the Bellevue School District's water testing will be available on its web site and provided to schools. Ms. Slatter said she appreciates that the City conducts random testing of tap water in residences. Responding to Ms. Slatter, Ms. Otal said City staff educates residents about their fixtures and internal plumbing if lead is found in their water.

Responding to Councilmember Robinson, Mr. McLeod said all schools, including those that have not been renovated or replaced, are currently being tested. The District will take immediate action if lead is found.

Responding to Deputy Mayor Chelminiak, Mr. McLeod said the District's water testing results will be published in early June. Mr. Chelminiak reiterated that residents may have their water tested independently by approved labs at a cost of \$25-50. Mr. Chelminiak thanked Mr. McLeod for providing the update on short notice.

Moving to the next topic, Ms. Otal said a water resiliency study was conducted by the Cascade Water Alliance and other members of the Water Supply Forum (Seattle Public Utilities, Tacoma Water, and the City of Everett) to determine the region's ability to reduce the impacts and to recover rapidly from disruptive events.

Ms. Otal said she participated as Bellevue's representative on the steering committee; Andrew Lee, Utilities Deputy Director, participated on the earthquake committee; and Joe Harbour, Assistant Director for Utilities Operations and Maintenance, participated on the water quality committee.

Chuck Clarke, CEO of the Cascade Water Alliance, said the study evaluated the region's highest risks for the water supply over the next 100 years, including the consequences of those risks and any preventative measures to mitigate the challenges. The study focused on earthquakes, water quality, climate change, and drought. He acknowledged that discussions about water quality and supply have become increasingly politically sensitive throughout the country.

Mr. Clarke said the full report has not been released. He summarized four earthquake risk scenarios. He described the 1995 Kobe, Japan earthquake, which resulted in water outages for up to 60 days and an economic loss of more than \$150 billion. Proactive steps to mitigate adverse impacts include regional coordination of emergency water delivery, improved seismic design standards, and the implementation of repair plans.

Risks to water quality include wildfires, severe adverse weather, volcanic hazards, earthquakes, and accidental contamination. Proactive steps include implementing backup water supplies.

Mr. Clarke said it is difficult to predict the risks related to long-term climate change. However, modeling indicates the potential for significantly reduced snowpack in the 2050-2060 time period. One way to mitigate this risk is to build more water storage capacity. Mr. Clarke said the region experienced a fairly significant drought in 2015, and the worst drought on record was 1987.

Mr. Clarke said the Water Supply Forum will move forward with a focus on earthquakes and water quality risks and how to prepare and mitigate the consequences.

Ms. Otal said Bellevue's efforts to increase resiliency include analyses of the groundwater supply, distribution system seismic resiliency, and water storage. The City will complete seismic reinforcing of its water reservoirs by the end of the current CIP Plan, and has mutual aid agreements for potential water quality or other emergency incidents.

Ms. Otal said information prepared by the Cascade Water Alliance will be sent to Bellevue's customers.

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

Kyle Stannert  
City Clerk

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