

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

January 17, 2017  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Stokes and Councilmembers Lee, Robertson, Robinson, and Wallace

ABSENT: Deputy Mayor Chelminiak

1. Executive Session

Councilmember Wallace called the meeting to order at 6:00 p.m., and declared recess to Executive Session for approximately one hour to discuss one personnel matter and one item of property acquisition.

The meeting resumed at 6:52 p.m., with Mayor Stokes presiding.

2. Study Session

- (a) Update on Transportation Infrastructure Finance and Innovation Act (TIFIA)  
Loan Status and Next Steps

City Manager Brad Miyake said staff is seeking direction to return for Council action during a future meeting to adopt a bond ordinance to finalize the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. The purpose of the loan is to provide funding for a number of large public works infrastructure projects. The TIFIA loans provide favorable terms that result in significant cost savings for jurisdictions. During 2016, the Council directed staff to pursue the loan to accelerate the construction of transportation capital projects to coincide with the opening of East Link light rail and other major capital projects.

Finance Director Toni Call introduced Stacey Lewis, bond counsel, Pacifica Law Group and Lindsay Sovde, financial advisor, Piper Jaffray. Ms. Call said staff anticipates Council action on the bond ordinance in February.

Ron Kessack, Assistant Director of Transportation, said the TIFIA loan allows the City to use recent and current capital projects to meet the required 66 percent match. Projects counting toward the City's match are: NE 4<sup>th</sup> Street Extension, 120<sup>th</sup> Avenue NE (NE 4<sup>th</sup> Street to NE 16<sup>th</sup>

Street), and Spring Boulevard Zone 1; as well as the following projects in partnership with Sound Transit's East Link light rail project: 124<sup>th</sup> Avenue NE (NE Spring Boulevard to NE 18<sup>th</sup> Street) and westbound lane of Spring Boulevard Zone 4. The City will receive approximately \$100 million through the loan. The City's intention is to build a number of additional projects including NE Spring Boulevard (120<sup>th</sup> Avenue NE to 124<sup>th</sup> Avenue NE), completing the 124<sup>th</sup> Avenue (Bel-Red Road to Northup Way), 130<sup>th</sup> Avenue NE (Bel-Red Road to Northup Way), and the eastbound lane of Spring Boulevard Zone 4.

Mr. Kessack said coordinating the City's projects with Sound Transit's projects will help minimize the disruption to the BelRed area and fuel continued development. He recalled that the Council adopted Capital Investment Program (CIP) funding in June to advance certain projects to make them eligible for the use of TIFIA loan funds. The funding completed NEPA (National Environmental Policy Act) approval for two projects, and all of the projects are in the State Transportation Improvement Program.

On August 3, the City submitted a letter of interest to the United States Department of Transportation for the TIFIA loan and received a favorable response. The USDOT suggested that the City continue through the process as it completes its review. On October 3, staff asked the Council to move certain funds from the 124<sup>th</sup> Avenue project to send to the USDOT for financial and legal consultation related to the loan.

Mr. Kessack said the City is working with the consultants and USDOT staff to complete the final phases of the loan. He said the City is responsible for repaying the loan. The funds, combined with other sources (e.g., development impact fees), respond to community priorities related to congestion relief and that new development pay its share of the infrastructure needed to support the growth.

Ms. Call said the TIFIA loan's favorable provisions include a loan term of 35 years post-substantial completion of projects, an interest rate based on the state and local government treasury rate plus one basis point, and the option to defer the first payment up to five years post-substantial completion. She noted that Washington state law requires repayment within 40 years after the first payment is disbursed to the City. The loan terms allow for phased disbursement, and the loan can be repaid at any time with no penalty. The proceeds must be used to finance the agreed upon projects, the amount of credit assistance may not exceed 33 percent of the total, and the projects must satisfy all applicable federal planning and programming requirements.

Councilmember Lee questioned how the phased disbursement option will be structured. Ms. Call said disbursements are based on the City's project and construction delivery schedule for TIFIA-eligible projects. Costs will be submitted for reimbursement as projects are completed. In further response, Ms. Call said the TIFIA loan program requires thorough, but not onerous, reporting.

Ms. Lewis said the U.S. Department of Transportation has the right to exercise remedies if there is a loan default. She said the City anticipates that the loan agreement will include the USDOT's proposed terms for handling a default, which is likely to include the option to terminate the TIFIA loan.

Responding to Councilmember Lee, Mr. Kessack said the City transmitted \$250,000 to the USDOT toward the preparation of specific documentation related to the City's loan.

Ms. Call said the City continues to work with TIFIA staff to finalize the terms of the loan. The bond rating calls have been scheduled, and staff would like to return to the Council with a bond ordinance in February. She noted that staff will update the Council if the anticipated loan terms change before the Council takes action on the bond ordinance.

Responding to Councilmember Wallace, Mr. Kessack said the City can make the first draw on the loan as soon as it closes because part of the money will be used for design purposes. Mr. Kessack said the first project is anticipated to be Spring Boulevard, Zone 2. A portion of funds for that project are likely to be used toward property acquisition costs.

In further response to Mr. Wallace, Mr. Kessack said the repayment of the loan can begin as late as five years after the substantial completion of the TIFIA projects. Staff anticipates that the last project will be completed by the end of 2022.

Councilmember Lee questioned what would happen if the City decided to not draw the full amount of available loan funds. Ms. Lewis said the City is not required to draw the full amount. However, the City is required to deliver the applicable projects. Mr. Kessack said the City has submitted a project list and schedule and is required to follow that schedule to the extent possible.

(b) Legislative Update and Draft 2017 State Legislative Agenda

City Manager Miyake said staff is seeking Council direction on the draft 2017 State Legislative Agenda.

Joyce Nichols, Director of Intergovernmental Relations, said the state legislative session began in early January. It will be a long, 105-day session, during which the legislature will adopt the State budget. Ms. Nichols said staff is seeking Council direction on the list of the City's major priorities. She said many of the items on the list were on the 2016 legislative agenda and were not addressed or resolved. She said key priorities critical to the City's interest include protecting the revenue base and retaining the ability to control functions related to meeting the City's basic police powers and general obligations to the public.

Ms. Nichols said the Council annually adopts two documents related to the state legislature: 1) a list of the City's top priorities in the Legislative Agenda, and 2) Statement of Legislative Policy. The latter is a longer, more comprehensive list containing all of the legislative positions for a broad range of issues that have developed over time. The Statement of Policy will be revised based on the Council's updated direction regarding the shorter Legislative Agenda.

Ms. Nichols noted that, due to the November elections, the legislature will be working with a Democratic Governor, Democratic control of the State House of Representatives, and Republican control of the State Senate.

With regard to the 48<sup>th</sup> District, Ms. Nichols said Cyrus Habib was elected as Lt. Governor, Patty Kuderer was appointed to replace him in the Senate, and former Bellevue Councilmember Vandana Slatter was appointed to the empty House seat. In the 41<sup>st</sup> District, Lisa Wellman was elected to the Senate seat previously held by Steve Litzow. Ms. Nichols recalled that Senator Andy Hill passed away and former State Senator Dino Rossi was appointed to fulfill the remainder of that term for the 45<sup>th</sup> District.

Ms. Nichols noted that the meeting agenda memo provides an update on the Governor's proposed budget, which was released in December and forms the basis for the state legislature's discussions. She said the legislature is under pressure to meet its obligation to fund K-12 education under the State Supreme Court's McCleary decision. The task force established last year did not reach a consensus on recommendations for funding that priority.

Ms. Nichols said key issues in the City's draft proposals for 2017 are: expanding the tools available for addressing affordable housing, maintaining the State-shared revenue base, accelerating the timing for funding I-405 projects, addressing traffic congestion at SR 522 and I-405, completing interchange improvements on SR 520 at 124<sup>th</sup> Avenue NE, and identifying and implementing ways to ensure that the regional transportation system is as effective and efficient as possible. An additional priority is protecting the City's authority over the control of certain rights-of-way, particularly with regard to telecommunications infrastructure.

Ms. Nichols said the City is requesting funds for a number of capital projects. Representative Joan McBride is working to obtain state funding toward construction of the men's shelter in Bellevue. Responding to Councilmember Wallace, Ms. Nichols confirmed that documentation is under revision to clarify the City's financial investment in the shelter, which is under development by a consortium of agencies and nonprofit organizations.

The City is requesting \$1 million for continued improvements at Meydenbauer Bay Park, \$250,000 for the renovation of the Wilburton sports fields, and \$150,000 for the renovation of a trail in the Coal Creek Natural Area. Ms. Nichols said the City is being asked to support a King County request for \$5 million from the State to rehabilitate the Wilburton Trestle as well as a request for \$2 million in State funding for the Highland Village low-income apartments in Bellevue.

Ms. Nichols said staff will be providing opportunities for Councilmembers to provide testimony at state legislative hearings and/or to meet with legislators on key Bellevue priorities.

Councilmember Wallace expressed general support for the legislative agenda, especially the section regarding K-12 education funding. He said the latter provides flexibility for the City to address the concern about how the governor's proposed tax increases could affect funding for the City, which collects some of the same types of taxes to provide its services. For example, if the

B&O (Business & Occupation) tax is increased by 40 percent, there will be negative consequences for the City's collection of B&O taxes. He recalled that the Council's discussion last year focused on advocating for a phased approach to address education funding.

Councilmember Wallace said that, with the Sound Transit 3 package using a significant amount of transportation tax revenues, it is important that Sound Transit and the Washington State Department of Transportation (WSDOT) work together to complete I-405 projects and to provide bus rapid transit (BRT) funding.

Mr. Wallace concurred with Ms. Nichols' suggestion that Councilmembers travel to Olympia and meet with legislative representatives about current and ongoing priorities.

Mayor Stokes said he recently attended a meeting in Bothell with several state legislators and local elected officials. The meeting included a discussion regarding the need for Sound Transit and WSDOT to work together to provide BRT, maximize the Park and Ride network, and to address other items related to I-405. He suggested that the Council consider ways to work with other cities to advocate for enhanced I-405 connectivity.

Councilmember Robinson said she appreciates the efforts related to affordable housing.

Responding to Mr. Wallace's and Mr. Stokes' comments, Ms. Nichols noted language in the Transportation and Infrastructure section of the Legislative Agenda stating that "the City urges State and regional transportation agencies to work in close collaboration to maximize the public's investments." She said that language could be revised and expanded as a separate bullet point for emphasis.

Councilmember Lee concurred that I-405 investments should be a high priority. He said the Sound Transit 3 package provides a considerable tax burden that will shadow other priorities. He encouraged conversation regarding how the City can direct attention and resources to the consideration of key local issues.

Mayor Stokes acknowledged that cities along the I-405 corridor are working together to advocate for the completion of I-405 projects. He encouraged an aggressive effort to involve the Council with the state legislature this year.

(c) The Changing Face of Bellevue: Latest Information on Bellevue's Demographics  
*[Regular Session Agenda Item 6(b)]*

Mr. Miyake noted the time and suggested addressing Regular Session Agenda Item 6(b) providing an update on Bellevue's demographics.

Gwen Rousseau, Associate Planner-Demographer, described the increase in racial and ethnic diversity in Bellevue's population. In 2015, 50 percent of Bellevue's population was of a minority race or ethnicity, compared to 41 percent in 2010 and 15 percent in 1990. She said tracking demographic trends helps the City to understand and anticipate the diverse and changing

needs of residents, employers, employees, and visitors, and enables the City to strategically plan programs and services relevant to the community. Ms. Rousseau noted that demographic data also encompasses diversity in terms of ages, abilities, economics, and households.

Ms. Rousseau said Bellevue's 2016 population is 139,400, which includes approximately 21,000 new residents since 2000 in addition to the population increase related to annexations. Job growth since 1995 of approximately 1.8 percent annually continues to outpace population growth. Approximately 1.3 jobs are generated per household, and Bellevue last had a balanced jobs to housing ratio in 1980. Higher ratios indicate a higher demand for housing, which leads to higher housing costs.

Responding to Councilmember Lee, Ms. Rousseau said "balanced" means having sufficient housing to match employment levels.

Ms. Rousseau noted significant job growth in the areas of information technology and tourism. She said that most of Bellevue's foreign population growth has been from Asia (primarily China and India). She said Bellevue is fifth in the state in terms of the foreign-born population, following the cities of Kent, Yakima, Federal Way, and Renton. With the exception of California and Hawaii, Bellevue has the highest percentage of Asians in the country. Last year, the Bellevue School District reported there were 100 different languages spoken within the school district.

Ms. Rousseau said two diversity trends are growing nationwide: cultural/racial/ethnic and age. Baby Boomers began entering the older adult population (65 years and older) in 2011. In the 1970s, children under age 20 represented 44 percent of Bellevue's population. Only three percent of the population in 1970 was above the age of 65. Bellevue's age distribution is similar to the state and nation. In 2030, more than 20 percent of U.S. residents are projected to be age 65 and older, compared to 13 percent in 2010. Bellevue has a smaller percentage of individuals with disabilities than the state or nation. Ms. Rousseau said there is a higher concentration of people with disabilities in the older adult population.

Ms. Rousseau said Bellevue's median income is \$98,800 for all households. Other indicators of economic diversity are educational attainment and occupation. Responding to Councilmember Robertson, Ms. Rousseau said the mean income is higher. She will provide that information to the Council.

Ms. Rousseau noted that 12 percent of Bellevue households have incomes below \$25,000 per year, and 12 percent have incomes ranging from \$25,000 to \$50,000. She said younger adults are more highly educated. Asians have the highest percentage of individuals with a Bachelor's degree or higher as well as the highest median earnings of \$66,591.

Ms. Rousseau highlighted some of the City's responses to the community's growing diversity including priorities and programs reflected in the Council Vision, Cultural Conversations program, Diversity Advantage Plan, Staff Diversity Team, Cultural Competency training, Language Line translation services, hearing loop systems in City buildings, and the Bellevue Diversity Advantage Network.

Responding to Councilmember Lee, Ms. Rousseau noted the statistics relevant to mixed-race households and said she would provide more information.

At 7:59 p.m., Mayor Stokes declared recess to the Regular Session.

Charmaine Arredondo, CMC  
Assistant Director, City Clerk's Office

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