

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

June 12, 2017
6:00 p.m.

Conference Room 1E-113
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

The meeting was called to order at 6:06 p.m., with Mayor Stokes presiding. There was no Executive Session.

2. Approval of Agenda

- Deputy Mayor Chelminiak moved to approve the agenda, and Councilmember Robinson seconded the motion.
- The motion to approve the agenda carried by a vote of 4-0.¹

3. Oral Communications

- (a) Mike Hill, Board President for the Phantom Lake Bath and Tennis Club, said the private swim club was established in 1964. He said the club and many other pools in Bellevue are out of compliance with the noise ordinance. He said swim meets typically operate between 4:00 p.m. and 9:00 p.m. City permits to use amplified sound specifically exclude operating the equipment after 5:00 p.m. Mr. Hill said the police arrived during their time trials over the weekend and instructed the club to cease and desist the use of all amplification equipment. He said the club will not be able to operate safely and legally for its first home meet scheduled this week, according to Bellevue City Code section 9.18. Mr. Hill said the regulation was adopted in 2007, and the first complaint was received last summer. He said the club is looking for a way to comply with the code.

¹ Councilmembers Lee, Robertson, and Wallace joined the meeting shortly after the vote.

- (b) Cooper Engst, Development Manager, Wright Runstad, said the Spring District includes apartments now available to lease as well as the future Global Innovation Exchange (GIX) and REI headquarters office. He expressed support for Puget Sound Energy's Energize Eastside project. He noted the need for increased power capacity and reliability. He said current technology companies are using more power than tenants of the past, despite energy efficiency programs. Mr. Engst said Wright Runstad has joined CURE, Communities United for Reliable Energy, in support of the Energize Eastside project. Mr. Engst congratulated the City on securing the \$100 million TIFIA (Transportation Infrastructure Finance and Innovation Act) loan from the federal government.
- (c) Patrick Bannon, President of the Bellevue Downtown Association (BDA), expressed support for the Energize Eastside project. He said BDA members are concerned that delaying the project could put the Eastside at an economic disadvantage. He said the draft Environmental Impact Statement indicates there are currently no widely accepted technologies that would meet the region's electrical power needs.
- (d) Linda Nohavec, representing the Eastgate Residents Association, said a recently posted and publicized document came to the attention of ERC leadership. She said the document referencing the proposed men's low-barrier shelter was not authored or released by ERC. The association has requested that the document be removed immediately due to inaccurate facts, libelous statements, and misquotes from the ERC compendium. The author has been asked to withdraw the document from all media sources. Ms. Nohavec apologized for any use of the document to disparage Councilmembers. She said the ERC hopes to continue working with the City toward a good shelter solution.
- (e) Lynne Matthes said she lives near the Phantom Lake swim club and has been involved in the operations of the pool and swim events since 2003. One of the primary objectives of swimming is to teach children to participate as a team and to be part of an organized sport. There are approximately 220 swimmers and their parents at each swim meet. The amplification system is necessary for communicating with the swimmers and to ensure safety. Ms. Matthes asked the Council to amend the ordinance that prohibits the use of amplified equipment. She said the recent complaint was reported by an individual living next door to the club in a home purchased in 2004. She said the real estate flyer indicated that the pool was next door and that it was the home for a swim team, dive team, water polo team, and tennis team. She asked the Council to consider amending the City Code with regard to amplified sound.
- (f) Jonathan Alford, President of the Midlakes Swim League, spoke in support of amending the noise ordinance to address amplified sound requirements for swim clubs. He said the swim programs at 10 member clubs are family oriented and sponsor fun community activities.

Deputy Mayor Chelminiak requested an update from staff regarding amplified sound regulations during a future Council meeting. City Manager Miyake said the issue was brought to the City's attention over the weekend, and staff will provide an update in the near future.

Councilmember Robertson encouraged moving forward as soon as possible to address the requirements and potential amendments.

- (g) Paul Wagner, representing the Duwamish, Snohomish, and Saanich tribes, urged the Council to preserve the trees threatened by Puget Sound Energy's Energize Eastside and 148th Avenue electrical power projects. He noted the importance of clean air and water, now and for future generations.
- (h) Don Marsh, representing the Coalition of Eastside Neighborhoods for Sensible Energy (CENSE), noted the many names of places in the region that reflect the heritage of Native Americans. He spoke against PSE's Energize Eastside project and said there is a better alternative for improving electrical reliability without cutting any trees. It is the same technology that PSE installed to serve Downtown Bellevue using remotely operated switches and sensors to improve reliability. Mr. Marsh asked the Council to direct the City Manager to conduct an analysis of that option.
- (i) Ken Workman said he lives in North Bend and formerly worked in Bellevue for many years. Noting that he is a fourth great grandson of Chief Seattle and a member of the Duwamish Tribe, he asked the Council to save the trees to be removed for Puget Sound Energy's projects. He said his ancestors were buried in trees, which are revered and respected by the tribe. He asked the City to find a viable option to removing the trees.
- (j) Leshya Wig, representing Wig Properties, said her family owns the Red Lion and Hilton properties on 112th Avenue near the future light rail East Main Station. She asked the Council to provide direction to the Planning Commission to begin working on the East Main area Comprehensive Plan Amendment (CPA) and Land Use Code review to facilitate and expedite the construction of transit-oriented development (TOD). She expressed concern that the light rail station will be built first and there will be less opportunity to consider code changes around the station and to construct TOD on their properties. Ms. Wig asked the City to begin with the proposed OLB district zoning that currently applies north of Main Street and to modify that code to reflect the Citizen Advisory Committee's recommendations. Ms. Wig submitted her comments in writing.

Councilmember Lee asked the City Manager to prepare a recommendation for the Council regarding land use planning and redevelopment around the East Main Station.

- (k) Jack McCullough concurred with Ms. Wig's request and comments. He said the Planning Commission has completed its work on the Downtown Livability Initiative, and the Wilburton/Grand Connection land use planning is likely to begin in approximately one year. He requested that the Commission begin its review of the East Main Station area planning now, in order to facilitate the construction of projects within five years to coincide with the opening of the light rail station in 2023.

4. Study Session

- (a) Council Business and New Initiatives

- Councilmember Robinson moved to appoint Timothy Ma to serve on the Human Services Commission for a four-year term ending May 31, 2021. The motion was seconded by Deputy Mayor Chelminiak.
- The motion carried by a vote of 7-0.
- Councilmember Robertson moved to appoint Heather Trescases to serve on the Parks and Community Services Board for a four-year term ending May 31, 2021. Councilmember Robinson seconded the motion.

Ms. Robertson noted that Ms. Trescases worked closely with the Parks and Community Services Department when she was the Executive Director of the Eastside Heritage Center.

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

Responding to Mayor Stokes, City Manager Brad Miyake said the \$100 million TIFIA loan was approved by the U.S. Department of Transportation at a favorable interest rate of 2.86 percent. The funding will accelerate transportation infrastructure projects in the area around the BelRed corridor's Spring District.

(b) Sound Transit Light Rail Operations and Maintenance Facility East Update

City Manager Miyake introduced discussion regarding Sound Transit's Operations and Maintenance Facility East (OMFE) in the BelRed area. Staff will provide an update on the contractor procurement process, design-build team, project schedule, and how Sound Transit addressed the terms of the memorandum of understanding (MOU) in place with the City. Mr. Miyake said this discussion will not address how the City and Sound Transit could pursue a permanent men's homeless shelter on the surplus property at that location.

Nancy LaCombe, Project Manager, said she represented the City as a liaison with Sound Transit through that agency's process to select the design-build firm for the OMFE project in the BelRed area. She was a voting member of the contractor selection panel. However, staff in multiple departments played a critical role in the development of the project requirements, evaluation criteria, and the request for proposal (RFP) documents.

Ms. LaCombe said City staff participated in meetings with the three candidate firms and provided valuable comments and feedback on each proposal. She thanked Sound Transit staff for creating a professional environment and a well-managed procurement process. She noted the panel's interest in a proposal that provided feasible and competitively positioned future transit-oriented development (TOD) opportunities.

Ms. LaCombe said the evaluation team was unanimous in its ranking of the proposals and the selection of the Hensel Phelps Construction Company. She noted that the information to be presented by Sound Transit staff is still conceptual in nature and will be vetted through the City's master development process and design review permitting process.

Tracy Reed, OMFE Executive Project Director, introduced Jon Mikhels, Deputy Project Director; Supriya Kelkar, Design Oversight Lead; and Sloan Dawson, Senior TOD Specialist. She noted that Sound Transit Board Member and King County Councilmember Claudia Balducci was in the audience.

Mr. Mikhels said the OMFE is an essential facility within Sound Transit's overall light rail system expansion. It will support expanded operations for the East Link, Lynnwood Link, Federal Way Link extension, and Redmond projects. New vehicles will begin arriving in 2019 as the existing OMF in Seattle reaches capacity in 2020. The final vehicle arrives at the OMFE in 2023.

Mr. Mikhels reviewed the OMFE project schedule. He described the procurement process to select the design-build contractor, which included meetings with the candidate teams before submitting proposals, proposal evaluation, and presentations and tours to discuss the project. After the contractor was selected, staff negotiated with the highest-ranked team over a two-month period. The selected firm was approved by the Sound Transit Board, and the agency anticipates issuing the notice to proceed to Hensel Phelps on June 16. The contract totals approximately \$219 million, and substantial completion is slated for the fourth quarter of 2020.

Mr. Mikhels highlighted the key attributes of the Hensel Phelps proposal: 1) strong OMF design that captured and resolved the functional and programmatic requirements of the facility with a direct and achievable construction solution, 2) optimized transit-oriented development (TOD) plan that supports the shared goal of the City-Sound Transit implementation agreement to allow for approximately 1.2 million square feet of future development, and 3) provides for storage of light rail vehicles as early as June 2020 based upon the proposed schedule.

Ms. Kelkar provided an overview of the OMFE facility, which will house administrative functions, vehicle maintenance, 96 light rail vehicles, and shop areas. She presented aerial views depicting the buildings on the OMFE site, the multi-use trail along 120th Avenue NE, and the Eastside Rail Corridor.

Mr. Dawson described the TOD master plan included in the OMFE proposal. He noted that the design allows for an efficient use of space on the site and the development of the negotiated goal of up to 1.2 million gross square feet (GSF) of TOD. The OMFE site is within the BR-OR-2 (BelRed Office Residential) zoning district which allows mixed-use development and building heights up to 125 feet.

Mr. Dawson noted that the project has received federal funding. The flexible master plan provides a large, contiguous area that could be sold to a developer and lends itself to phased development.

Mr. Dawson said the design concept anticipates a vibrant pedestrian-scale design as well as an urban gateway into the Spring District development. He described a conceptual drawing depicting the potential for affordable housing as part of the future TOD. He said the conceptual plan includes the flexibility to accommodate a future realigned 120th Avenue NE, as envisioned in the East Link Memorandum of Understanding (MOU) and Implementation Agreement.

Mr. Dawson said the project team will formalize the master development plan over approximately the next month for submittal to the City to begin its review. The implementation agreement links the master planning of the OMFE facility and the development of the future TOD parcels. The approval of the master development plan (MDP), potentially by the end of the year, will create gross land use entitlements that will trigger Sound Transit's ability to proceed with the procurement of a master developer for the TOD property. Mr. Dawson said Sound Transit will work with the City and others to develop the TOD procurement strategy in preparation for taking the opportunity to the market as early as the third quarter of 2018.

Mr. Mikhels highlighted ongoing property acquisitions, noting properties currently owned by Sound Transit as well as properties to be acquired by this fall. Sound Transit has applied for a critical areas permit, and Hensel Phelps will submit the MDP concurrent with design review for the OMFE development. Permitting for TOD will be submitted later by the future developer.

Mr. Mikhels noted the potential for early permits for near-term bike trail connections from the Eastside Rail Corridor, building demolition, and the replacement of the King County sewer. Building and sub-trade permitting is anticipated in spring 2018 following MDP approval. Discussions are ongoing regarding the three-party agreement involving the King County Metro bus facility and the design of 120th Avenue NE. Sound Transit is working closely with the Eastside Rail Corridor team, which will be working on final design of the adjacent segment of the ERC with a consultant beginning in July.

Mr. Mikhels noted public outreach activities including an updated project web site and posting of the proposed design, stakeholder presentation on June 15, and public open house on June 22.

Deputy Mayor Chelminiak questioned Sound Transit's plans to ensure that TOD occurs in the future. Mr. Reed said the proposal optimizes the track layout and moves the OMFE to the north to create potentially more surplus property for TOD. Mr. Chelminiak questioned Sound Transit's role in ensuring that TOD is developed.

Mr. Dawson said it is the project team's job to find a way to bring this to market in a way that will generate a good response. Strategies include looking at property values as a tool for facilitating development outcomes. There is also statutory direction to attempt to include affordable housing as part of the TOD. He said Sound Transit will work diligently to determine how to achieve development by the time East Link begins operating in 2023.

Mr. Chelminiak said he believes there is a role for Sound Transit to ensure that TOD occurs, which could include monetary support if needed. He noted that the OMFE/TOD site is on the lowest elevation of the BelRed corridor. He questioned whether allowing the densities identified for the areas around the light rail stations would provide an incentive for TOD.

Mr. Dawson said that would be a compelling strategy to consider as Sound Transit and the City work together to create the TOD procurement strategy.

Mr. Chelminiak expressed concern regarding 1.1 million square feet being served essentially by a driveway. However, he understands the constraints of the site. He noted that he hopes to attend the upcoming stakeholder meeting.

Ms. Reed said Mr. Chelminiak's comment on access to the development points to the balance needed in the master development plan to meet multiple project objectives. She said Sound Transit will complete certain utilities work to facilitate TOD. There also are non-monetary actions the City and Sound Transit can discuss to provide incentives for meeting the development objectives.

Deputy Mayor Chelminiak reiterated his position that Sound Transit has a role in ensuring that the site will be ready to build TOD. He said it is difficult to market commercial and residential property next door to a large train maintenance facility.

Councilmember Robertson thanked Sound Transit for the presentation. Noting the federal funding involved with the project, she questioned the guidelines for property disposition and the 80-80-80 rule.

Mr. Dawson said the Federal Transit Administration (FTA) requires Sound Transit to reimburse the agency for its share of the investment in the property, which is calculated on the fair market value of the property at the time of disposition. A mechanism called joint development allows that interest to be repaid over time under a lease agreement.

With regard to the 80-80-80 rule, Mr. Dawson said RCW 81.112.350 creates a framework and direction for the Sound Transit Board to work to facilitate affordable housing using surplus property. The rule states that 80 percent of surplus property deemed suitable for housing must be first offered to qualified entities, which are defined as nonprofit housing developers, cities, and public housing authorities. If the parties reach an agreement, they must develop a housing project in which 80 percent of the units are affordable to those earning 80 percent or less of area median income (AMI).

Mr. Dawson said staff is working with the Sound Transit Board to define how that impacts the agency's policies and procedures with respect to surplus property and TOD. He said there will need to be a new process to screen surplus property for its suitability for housing. The statute acknowledges that, if affordable housing is not achievable due to conflicts with FTA and/or other state laws, the Sound Transit Board is not required to complete the transaction.

Responding to Councilmember Robinson, Mr. Dawson said the word "offer" is not defined. Sound Transit interprets the statute to mean a formal offer with some dimension of competition resulting in a procurement.

Councilmember Robertson questioned the percentage of property acquired using federal funds. Ms. Reed said that issue is still in process. The OMFE project supports multiple light rail line extensions, and a substantial portion of the funding for the OMFE is associated with the Lynnwood Link extension. In general, 31 percent of the multiple line items are thought to be federalized through Sound Transit's relationship with the Lynnwood Link project.

Ms. Reed said Sound Transit is closing on a TIFIA (Transportation Infrastructure Finance and Innovation Act) loan and intends to pursue a second TIFIA loan to finance the remainder of the project costs. Sound Transit previously received a separate federal grant toward the design work.

Councilmember Robertson questioned whether homeless shelters are defined as affordable housing. Mr. Dawson said RCW 81.112.350 describes affordable housing as long-term housing available to individuals, households, and unrelated individuals within a certain income level. Sound Transit's legal counsel determined that a homeless shelter does not meet the definition.

Ms. Robertson suggested revisiting the idea of an upzone on the TOD property, as well as on other properties in the BelRed corridor. She further suggested considering the development of a homeless shelter as an incentive for an upzone.

Councilmember Wallace questioned the plans for mitigating the noise of trains running all night long.

Mr. Mikhels said the mitigation to be addressed is identified in the Environmental Impact Statement (EIS) documents. The only item related to noise is the train wash system, which is identified in the project scope as an element to be mitigated. He said the electric light rail vehicles operate relatively quietly. He noted that private-sector housing is currently under development across the street from Sound Transit's operations and maintenance facility in Seattle.

Mr. Wallace said the City's permit process involves compliance with the Noise Code. He noted public comments earlier regarding complaints about amplified sound at swim meets. He questioned how the sound of squealing train wheels will be mitigated. He said the designers have done a good job of taking a challenging idea and making it somewhat viable. However, there needs to be a way to mitigate the noise between the screeching wheels on the track and the rest of the community.

With regard to the idea of adding more density, Councilmember Wallace said the Downtown Livability Initiative study over the past four years has resulted in an inability to move forward with Land Use Code amendments because there is not sufficient capacity to support increased densities. He said there is a lawsuit against the Spring District regarding its capacity to support the densities. Mr. Wallace noted the need to study the traffic impacts related to developing 1.2 million square feet of office and residential space.

Mr. Wallace questioned the rationale for the state legislature to create the 80-80-80 rule. He questioned whether the law was intended to facilitate 60-70 percent of the development as office buildings.

Mr. Dawson said the letter of the law states that Sound Transit needs to evaluate its surplus property for suitability for housing. Given the large site, he opined that there is a desire to facilitate mixed use development as well.

Mr. Wallace said the conceptual plan reflects a viable plan. This is an opportunity in which a public sector property owner has been provided the authorization to give away land to create affordable housing. However, the presentation depicted an eight-story building as “affordable residential,” which is Type 3 construction at best and not affordable. He said commercial office buildings are also not affordable housing.

Mr. Wallace said there needs to be an option with an all-residential solution at Type 5 construction heights. He said the community and the state legislature need to be presented with an opportunity that demonstrates affordable housing could be built on the site.

Mr. Wallace concurred with Councilmember Robertson that the homeless shelter should be considered as a component of the site, especially given the shelter’s former home at the site. Mr. Wallace opined that this is something the community could support.

Mr. Mikhels said the master development plan will identify development capacity but not specific uses.

Councilmember Wallace expressed concern about essentially giving land to developers. He questioned the process for that type of transaction. Ms. Reed said the proposal and the mix of uses responds to the commitments made by Sound Transit and the City of Bellevue. Mr. Wallace observed that those commitments were made before the 80-80-80 rule was enacted. Ms. Reed said the properties must be evaluated for their suitability for housing. Mr. Wallace questioned when this issue will be discussed with the public.

Mr. Dawson said the direction to the design-build team was based on the understanding of the implementation agreement at that time. He said Sound Transit’s intent, in joining the permitting of the OMFE and future TOD, was to create more certainty for the City that the property would be developed. He said Sound Transit will provide gross land use entitlements for the TOD parcels and follow the agency’s process for surplus property disposition. Mr. Dawson said Sound Transit will work on developing a TOD strategy over the next year.

Mr. Wallace said he appreciated the creativity reflected in the master plan and the progress that has been made. However, there are new issues to be considered, including the 80-80-80 rule. He acknowledged Sound Transit’s interest in honoring the MOU and implementation agreement but noted that the state law needs to be fully considered.

Mr. Wallace referred to the City spur property depicted on slide 26 of the presentation. He would like to explore whether the City could trade a portion of that site for a portion of property that would suit the homeless shelter. He questioned the process for that type of discussion.

Mayor Stokes suggested that staff come back to discuss that issue at a later time. City Manager Miyake said staff will come back at a future date to discuss the shelter.

Councilmember Robinson said that 80 percent AMI is approximately \$46,000 annually for one person. Minimum wage income is \$27,000 annually, which is considered 50 percent AMI.

Addressing homelessness and moving people into housing actually involves 30 percent AMI, which is \$19,000 annually.

Mr. Dawson said the state law language refers to 80 percent AMI or less. The intent is to create a process for screening property for its suitability for housing. He said the magnitude of the affordable housing subsidy increases with lower income levels. He said there will need to be a conversation about what other resources are needed to facilitate the construction of lower income housing.

Councilmember Robinson requested information regarding the feasibility of creating housing at 0-30 percent AMI. She said it is not reasonable to expect that a homeless individual can move directly to housing at the 80 percent AMI level.

Councilmember Simas stated his understanding that Sound Transit's interpretation is that the 80-80-80 rule is more of a suggestion than a strict rule. He would like more details on the framework for determining the suitability of property for housing. He questioned whether that determination is made by Sound Transit or whether other parties are involved. He said those are issues he would like to discuss in the future.

(c) Quarterly Update on Economic Development Activities

City Manager Miyake opened staff's update on economic development activities.

James Henderson, Economic Development Director, presented the first quarter 2017 update on actions identified in the Economic Development Plan adopted by the Council in July 2014. In the area of business attraction, staff worked with seven prospects including three international businesses. In the area of business retention and expansion, staff participated in three company visits, including one with a major employer; provided five forms of technical assistance; and worked on a project that created and retained 20 jobs. Under the Next Generation Bellevue program, nine new businesses received Small Business Development Center (SBDC) counseling, five businesses took part in the Global Passport Program, and there were 30 registrants in the Founder Series.

Projects initiated in early 2017 include the Destination Marketing Plan, Phase 2; Inter-Active Media video; Innovation Triangle marketing and collateral production; increased social media presence; second business survey; and a creative economic strategy to support target industries and talent retention and attraction.

Mr. Henderson said City staff and representatives participated in three trade and investment missions in early 2017. A City staff person attended the World Mobile Congress in Spain, and Innovation Triangle members attended trade shows focused on commercial space (Space Symposium) and on interactive media (DICE Summit). In the area of business retention and expansion, staff met with three companies late in the first quarter. Economic development and transportation staff are working with T-Mobile to establish a Tactical Urbanism Team focused on transportation and mobility strategies as well as on amenities in the Factoria area around the T-Mobile office complex.

Next Generation Bellevue work continues to move forward with Startup425. A web site has been established and a social media campaign is underway. A limited-term employee, Anthony Gill, was hired as an economic development analyst to provide programmatic development and support. Mr. Henderson described the Global Passport program established with CHOOSE Washington State, the Trade Development Alliance of Greater Seattle, and the Port of Seattle. The program helped startup company representatives attend the Mobile World Congress, which is focused on assisting startup companies in the area of export sales. Mr. Henderson said five technology startups participated in the Global Passport program.

Mr. Henderson described the Startup425 Founders Series launched in Bellevue in April. The program includes classes and boot camps about starting a business. The series will be repeated this fall with additional sessions in partner communities.

Mr. Henderson described the City's participation with the cities of Kirkland and Redmond in the Innovation Triangle program. The group is focused on strengthening and expanding the partnership and business development work. A car sharing survey of businesses and employees is underway to determine ways to connect service providers and local transportation departments.

Mr. Henderson noted the efforts of Challenge Seattle involving King, Pierce, and Snohomish counties. Governor Gregoire is leading this effort focused on economic development research, marketing, client outreach, and stakeholder engagement. Mr. Henderson said Mayor Stokes attended the two Challenge Seattle meetings to date. Next steps are the creation of a task force to develop a potential model for this regional effort, including strategies, goals, metrics, and outcomes. Mr. Henderson is currently serving as the part-time interim CEO and President of the Economic Development Council of Seattle and King County. He noted the potential that the EDC and the Trade and Development Alliance will merge.

Mr. Henderson highlighted activities since the City received the TechHire designation in November 2016. The purpose of the program is to develop and implement accelerated workforce training programs to support Bellevue's information technology industry. Partners include Opportunity@Work, Bellevue College, King County, coding academies, and other colleges and universities. Activities include the Coding Bootcamp 101, Tech Workforce Roundtable, and the development of quantitative data for benchmarking and strategy development.

Councilmember Robinson thanked staff for their great work and acknowledged Councilmember Lee's advocacy for hiring an Economic Development Director and staff to pursue economic viability objectives. She questioned whether there are efforts to help startups secure funding.

Mr. Henderson said staff does hear comments from startups regarding the challenge of funding for their companies, the high cost of commercial space, and related issues. He noted that Jesse Canedo, Economic Development Manager, received a scholarship to attend the Kauffman Foundation's ESHIP Summit this month in Kansas City. The conference is focused on developing a framework for supporting startups. Mr. Henderson said the Kauffman Foundation is known worldwide for its work to foster entrepreneurs and startup programs.

Councilmember Lee thanked Ms. Robinson for acknowledging his role in supporting economic development and thanked her for her efforts as well. Mr. Lee said the Global Innovation Exchange (GIX) will be important in providing education for technology jobs. He concurred with Ms. Robinson about the challenge of finding affordable work space for startups.

Mr. Henderson said that he, Mayor Stokes, Mr. Canedo, and Mr. Gill recently toured the GIX facility, which will hold its grand opening ceremony on September 14. The programs will provide valuable education and collaboration opportunities for students and businesses.

Councilmember Lee suggested the potential for work space for startups as part of Sound Transit's light rail Operations and Maintenance Facility East (OMFE).

Councilmember Robertson expressed her interest and support for the Innovation Triangle partnership, and thanked staff for their hard work. She noted that the Bellevue Regional Library is under renovation and will create a STEM-focused maker space for youth participants.

Responding to Ms. Robertson, Mr. Henderson confirmed that economic development staff will be working with the Transportation Department's new technology staff person.

Ms. Robertson said that, during Board and Commission interviews, she met someone who works from libraries and coffee shops. He suggested that Bellevue needs locations for startup staff to use computers and make phone calls as they are working to launch their businesses.

Councilmember Wallace noted the organization WeWork, which provides shared work space in Lincoln Square and in several locations in Seattle. He commended economic development staff for their work and effectiveness. He said Bellevue has done a good job of positioning itself to become a global leader in transportation technology. He acknowledged the important link between economic development and transportation/mobility. Mr. Wallace asked staff to address, during the next quarterly update, how the City will add transportation as a component of the economic development strategy.

Mayor Stokes noted his and Councilmember Robinson's involvement with the recent GeekWire conference. Ms. Robinson said the conference hosted startup companies to compete in presenting their businesses. She noted that Councilmember Lee attended as well. She enjoyed meeting representatives of the many companies and telling them about the Bellevue Chamber of Commerce and the Eastside Business Awards. She said there were subsequently a number of entries in the award program from conference attendees.

Mayor Stokes said he spoke with a number of individuals from the region who expressed an interest in doing business in Bellevue. He said the conference anticipated 400 attendees and actually had 700 participants.

- (d) City Council Stakeholder Comment Review of the Energize Eastside Phase 2 Draft Environmental Impact Statement (DEIS)

City Manager Miyake opened discussion regarding the Energize Eastside Phase 2 Draft Environmental Impact Statement (DEIS) and how it responds to the Council's comments and input.

Deputy City Manager Kate Berens said the City of Bellevue is the lead agency for the development of the EIS. It will become a tool for the five permitting jurisdictions affected by Puget Sound Energy's Energize Eastside project. She recalled that the Phase 1 EIS review looked at the need for the project and ways to meet that need. The Phase 2 study is a project-specific review of the potential impacts.

Ms. Berens said the Council submitted scoping comments on both the Phase 1 and Phase 2 EIS reports. The Council has been particularly focused on the completeness of the process and transparency. Ms. Berens noted that the DEIS comment period closes later in June. The final EIS will be a tool for processing the project permit.

Nicholas Matz, Senior Planner, recalled that PSE identified the alignment known as Willow 2 as its preliminary preferred alignment following the publication of the Phase 1 DEIS. PSE will review the Phase 2 DEIS and make a final decision about the project scope and alignment to prepare its conditional use permit (CUP) application.

Mr. Matz reviewed the summary, provided in the meeting agenda memo, of comments submitted by the Council and the DEIS response. The review emphasized transparency in understanding the impacts of the Willow 2 Preferred Alternative 1 and in reducing visual clutter within the existing and proposed utilities corridor segments.

With regard to visual impacts, the visual simulation was conducted and two aspects were addressed: scenic views and the overall visual aesthetic environment. The DEIS did not find significant impacts to scenic views, largely based on the lines that currently exist along the alignment. The DEIS acknowledges general aesthetic impacts, which will be considered through mitigation options.

Mr. Matz said the DEIS outlined mitigation tools, including undergrounding portions of the line. Undergrounding the full alignment was studied in the Phase 1 DEIS. However, it was not carried forward into the Phase 2 review because it was determined to not meet the needs of PSE's proposal. Other issues related to undergrounding are the fiscal impacts and the challenge of undergrounding an electrical transmission line within the existing oil pipeline corridor.

Mr. Matz noted the Council's comments regarding health and safety impacts, particularly with regard to the collocation of the power line with the pipeline. A risk assessment studied the probability of adverse incidents, compared to the risks of the current situation. He noted that the existing power line and 115kV line are collocated along the majority of the route. He said the issue of health and safety was examined based on the risk assessment. Mr. Matz said the assessment studied in detail the available and required federal, state and local regulatory environment and the forms of mitigation. The assessment concluded that the probability of an incident is very low. However, it acknowledged that the magnitude of the damage that could occur is high.

Mr. Matz said the Council's comments questioned the ecological impacts related to the loss of trees and ecosystem function. The DEIS analyzed the existing environment, how impacts are measured, tree removal, and the thresholds that determine whether impacts are significant. A tree inventory identified more than 9,000 trees in the potential power line corridors. The DEIS looked at the number of trees that could be removed as a result of building one or more of the alternatives and assessed whether there were significant impacts. He noted that the project proposal includes the replacement of trees.

Mr. Matz recalled Deputy Mayor Chelminiak's interest in the ecosystem service analysis, which determines the value of the trees in terms of services. The services are measured in three areas: 1) how the tree canopy manages surface water runoff, 2) pollution removal, and 3) carbon sequestration. The results of the analysis are assessed against the City's overall tree canopy. The study acknowledged the impact. However, it is not considered a significant impact because the impact is measured against the services provided by the city's entire tree canopy.

Mr. Matz said the Council asked that the EIS study property value impacts. The DEIS review looked at the issue of the proximity of housing to transmission lines and used the measure of the loss in property tax to attempt to quantify an impact. The DEIS conducted a sensitivity analysis that presumed a \$10 million loss in property tax revenues among the cities affected by the Energize Eastside project. That analysis was applied to Newcastle properties because it is considered the most price-sensitive of those cities. Recognizing that a small negative impact is expected with the presence of transmission lines, the study determined that the replacement of a lower voltage line with a higher voltage transmission line would not result in a greater negative effect.

Councilmember Robertson said the analysis of property value impacts is relatively short in the DEIS report. She questioned whether the analysis studied the impact on property values in areas with view properties. She said that introducing a power line to a view that does not currently have a power line is potentially a \$100,000 impact on a home.

Mr. Matz said the DEIS measured the impact of the loss of value based on property taxes. It also analyzed the issue of the impacts on land use and housing elements in terms of the scenic environment, but it did not analyze those impacts through an economic lens. He said an appendices to the DEIS report provides greater detail of the property tax analysis. He said the DEIS was unable to quantify the latter impacts in the same way that the impacts on property taxes could be assessed.

Ms. Robertson questioned whether a view shed analysis was conducted to determine the impact of transmission pole heights. She said a view shed analysis was conducted for the Wilburton area when she served on the Planning Commission

Mr. Matz said the DEIS did consider policies in the affected cities' Comprehensive Plans that guide impacts on views. He said the DEIS looked at scenic views, the width of the project corridor, and the aesthetic environment of the power line, whether or not it blocks a view.

Responding to Councilmember Robertson, Mr. Matz said the whole project area was included in the review. However, the DEIS focused on 46 key simulation areas to make the determination regarding impacts. In further response to Councilmember Robertson, Mr. Matz said most of that information is in the body of the report. However, additional information on the view analysis is addressed in the appendices. Ms. Robertson questioned whether the DEIS identifies specific areas in the community with view impacts. Mr. Matz said the study assessed general areas and view sheds versus specific properties.

Continuing, Mr. Matz said the DEIS adequately addressed the Council's interest in noise and inconvenience impacts during the construction of the project. It looked at alternatives not considered (e.g., undergrounding the entire alignment) and it addressed why energy conservation and efficiency is a factor but not a solution to meet the needs identified by PSE.

Mr. Matz recalled Councilmember Robinson's comment encouraging staff to consider the Energize Eastside project impacts on the Newport Way sidewalk project. He said the sidewalk is within part of the Willow 2 project corridor. However, the permit process will address mitigation through the City's construction standards.

Councilmember Robinson said the DEIS addresses the obstruction of views. However, she recalled that she and Councilmember Robertson previously expressed concerns regarding polluting, versus obstructing, views. Ms. Robinson noted the impact of introducing a power line where one did not previously exist.

Mr. Matz said the DEIS conducted that analysis for segments of the alignment. That type of analysis relies on establishing the existing view environment. If a power line currently exists, the issue is not the obstruction of the view but the incremental change from a lower voltage line with 65-foot poles to a higher voltage line with 85-foot poles. The DEIS does not identify that as significant, except in certain areas. Mr. Matz said the issue will be addressed by the City when the project moves into the regulatory aspect of the process. He noted that the potential bypass options introduce power lines where they do not currently exist.

Ms. Robinson observed that certain homes do not currently see the power lines because they are obscured by trees. However, higher poles might make the lines more visible. Mr. Matz said the Willow 1 alternative was studied and the analysis identified a significant impact to the aesthetic environment associated with that segment of the Willow 1 alignment.

Councilmember Robinson noted her understanding that undergrounding the power lines would increase rates for Bellevue ratepayers. Mr. Matz said the study looked at the impact and cost of undergrounding a specific portion of the alignment. PSE would charge the City for the cost of undergrounding the project, and the City would decide how to fund the expense. Councilmember Robinson said she finds it somewhat arbitrary that PSE could increase the length of the transmission line by using the Lake Hills Connector bypass route, and then charge all ratepayers for that option. Ms. Berens said that is a function of the regulatory environment.

Councilmember Wallace questioned the status of the process, including what other jurisdictions are doing. He questioned the Council's role and the next steps.

Ms. Berens said the Bellevue City Council is the only Council that submitted comments on the EIS review. City Councils in some jurisdictions are not involved in the permitting process. In Bellevue, the Council is either a decision-maker, depending on the alignment, or the body that will hear an appeal. The EIS becomes a part of the record that the Council would have available to analyze whether the permit was appropriately issued and that mitigation was properly addressed.

Ms. Berens said staff is not recommending a specific Council action at this time. She said the presentation is intended to update the Council on how the DEIS responded to its comments. That information will be used by the City during the permitting process.

Councilmember Wallace observed there were originally a number of routes, and now there is a preferred alignment. He said it is difficult to identify the preferred route based in the map in the report.

Mr. Matz said the Phase 2 DEIS narrowed the options to a no action alternative and the Willows 2 alternative. Willows 2 is the existing alignment from the Sammamish substation through Redmond to Bellevue. When the alignment crosses I-90, it retains the existing alignment of the 115kV line through the Somerset and Newport Hills areas. However, the preferred alternative adds the 230kV line along Newport Way and Factoria Boulevard to connect to Coal Creek Parkway.

Mr. Wallace questioned who serves as the decision-maker for selecting the preferred alternative. Ms. Berens said PSE, as project applicant, will ultimately decide the alignment. The permitting agencies will assess the alignment within the context of their code provisions to determine whether the project complies with the code requirements. In further response, Ms. Berens said PSE intends to submit permit applications for the Willows 2 alternative. The permit review process will address mitigation measures.

Responding to Councilmember Wallace, Ms. Berens said there will be a later opportunity to address pole heights and other project elements. Mr. Matz said the DEIS identifies potential mitigation techniques. For example, pole heights will be lowered below what is considered a significant impact. Responding to Mr. Wallace, Mr. Matz said the DEIS report outlines the types and heights of poles for each segment of the alignment. Mr. Wallace questioned the course of action if a constituent does not like the anticipated view impact from his or her property.

Ms. Berens said property owners can comment on the DEIS during the current public comment period. The person would have an additional opportunity to comment during the permitting process after PSE selects its final alignment, including pole types and locations. PSE is working directly with the owners of property easements where poles will be located.

Mr. Wallace observed that the Sound Transit light rail permitting process became largely staff-driven, and he anticipates that the same will be true for the Energize Eastside project. He questioned how the public will understand the process, including how to comment.

Ms. Berens said the submittal of the permit application will launch the formal process. The public will have the opportunity to sign up as interested parties, submit written comments, attend the public hearing before the Hearing Examiner, and to file an appeal. Under the current process, an appeal would go to the City Council.

Councilmember Wallace said it would be good to educate the public about the decision points, options for involvement, and the legal limits of the City's influence on PSE's project.

Councilmember Lee said the City is the permitting authority for the segment of the alignment through Bellevue. If PSE applies for the Willow 2 alternative, is the agency required to comply with the EIS conditions? Mr. Matz said the EIS is a disclosure document to guide permitting. Responding to Mr. Lee, Ms. Berens confirmed that the City has the final authority and can impose conditions on the permit.

Responding to Mayor Stokes, Mr. Matz said most mitigation is based on either a regulatory environment or a policy environment.

(e) Ethics Officer Annual Review of Code of Ethics

Suzanne Dugan, Ethics Officer, provided an overview of her role and responsibility to the Council, and as the person designated to receive and investigate sworn complaints. She said Chapter 3.92 of the Bellevue City Code requires a review of the ethics code with the Council in 2015 and 2017.

Ms. Dugan shared an article in the recent *Governing* magazine, which addresses Washington state's ethics rules. A Washington state legislator was charged by the Legislative Ethics Board with violating their rules 44 times by posting State-funded photos and videos on her campaign Facebook page. The Board ruling imposed \$220,000 in fines and ordered the removal of the videos from the page. The legislator challenged the ruling, and the Board concluded that there needed to be separation between her campaign material and her legislative resources. The Board further concluded that providing links to the State's web site would have been permissible. The legislator ultimately decided to produce her own videos, and the Board reduced the fine to \$5,000. She continues to fight the fine and to argue that the ethics law is outdated.

Ms. Dugan noted that tonight's presentation provided in the meeting materials outlines the provisions of the ethics code to refresh Councilmembers' memories and to serve as the framework for considering possible revisions to the code. She identified three types of amendments: 1) cleanup revisions to update references to statutes, 2) changes to bring Bellevue in line with its peers and best practices, and 3) revisions that could be considered but are not required.

Ms. Dugan highlighted the ethics code provisions. The code states that the Ethics Officer shall consider the intent of the code when issuing an advisory opinion to members of the City Council. BCC section 3.92.030 addresses prohibited conduct including conflicts of interest, misuse of public position or resources, representation of third parties, solicitation of charitable contributions, gifts and favors, and the disclosure of confidential information.

Councilmember Robertson questioned the ability of a candidate to share a video from the City's Facebook page on his or her personal Facebook page, campaign Facebook page, and/or campaign web site, whether or not they are currently on the Council.

Ms. Dugan said she would need to review the Legislative Ethics Board's language regarding the enforcement decision described above to provide an opinion. However, the Board determined that the videos are State property and cannot be transferred for campaign purposes.

Ms. Dugan said BCC 3.92.040, Ethical Standards, addresses the mandatory standard that City Councilmembers must comply with federal, state, and local laws. She suggested revising the section to add a provision of the state ethics law applicable to municipal employees: "No municipal officer may use his or her position to secure special privileges or exemptions for himself, herself, or others." While the Council is required to comply with the state law regardless of whether it is stated in the City Code, Ms. Dugan suggested adding the language because it specifically mentions municipal officers.

Ms. Dugan noted the list of permissive ethical standards articulated in BCC 3.92.040 and suggested moving ex parte communications and nepotism to the mandatory standards section.

Ms. Dugan noted language describing the role of the Ethics Officer and suggested removing the reference to requiring updates in 2015 and 2017. She said the complaint procedure is detailed in the code.

Councilmember Robinson questioned how Bellevue's complaint procedure compares to other cities. Ms. Dugan said the description of Bellevue's process is very specific compared to some other agencies. However, there are local governments with the same requirement for a sworn complaint. She noted that phone hotlines are generally in place for state government agencies.

Ms. Robinson suggested it would be helpful to have a mechanism for warning a Councilmember of a possible violation before engaging in the formal investigative process. She would rather have more eyes on what the Council is doing, with the opportunity for education if a Councilmember appears to be moving toward a potential violation of the Ethics Code.

Ms. Dugan said it is difficult to draft and codify language to address that type of mechanism. However, in practice, the Council can seek advisory opinions and guidance in advance of a specific issue. She noted there are gray areas and the code provides the opportunity for the Ethics Officer to wade into the middle ground without calling in a sworn complaint.

Councilmember Robinson said she would like staff to draft language to allow for a warning system. Ms. Dugan said it would be difficult because individuals would need to be informed that they cannot be absolved. Her research has not identified code language in other cities or agencies that address the issue. However, she would attempt to draft applicable language if desired by the Council.

Councilmember Robertson suggested making the ethics code training part of the on-boarding process and of the Council's periodic reviews of public records and open public meetings laws. She said this would hopefully avoid situations raising issues of ethics violations.

With regard to the use of phone hotlines, Ms. Robertson said there are no anonymous complaints in Washington state. If a caller states their name and/or a phone number is displayed by caller ID, the information is a public record and is not anonymous.

Ms. Robertson said she would consider moving ex parte communications to the section on mandatory standards. However, she noted that ex parte communications are not necessarily within the control of Councilmembers when the public approaches them and makes comments on a topic or issue. She said Bellevue Councilmembers are required to disclose ex parte communications. Ms. Dugan confirmed that the provision only requires disclosure. However, she reiterated her suggestion to move the item from the permissive to the mandatory section of the ethical standards section.

Councilmember Simas said the role of the Ethics Officer is to consider the facts to determine what happened and the appropriate corrective course of action. He believes that more details help to establish and formalize the facts. Ms. Dugan concurred.

Mayor Stokes encouraged Councilmembers to suggest revisions to the code if they have ideas and/or concerns.

Councilmember Wallace said there are different standards for different types of government. He noted that Seattle City Councilmembers serve in full-time positions, and their ethics standards should be more strict. He said Bellevue has a different ethics code and standards, while local officials must also comply with state law. He encouraged focusing on Washington state law as revisions are considered.

5. Continued Oral Communications

- (a) Lisa Leitner noted her interest in the Energize Eastside project and the homeless shelter discussions. She sent an email to the Council on June 1 regarding a fire started by a homeless person near her home. Now she has learned that Puget Sound Energy's project will place 13 power poles within a close distance of her home, in addition to the proposed men's homeless shelter. She currently has a nice westerly view with no power poles. She questioned how the same neighborhood can be subjected to the impacts of both projects. She questioned how the projects could not negatively impact property values. She questioned what would happen if another person starts a fire near the power line and oil pipeline. She urged the Council to think about what is best for everyone and to protect neighborhoods and property values. She said neighborhood residents can see the Eastgate Park and Ride, homeless shelter site, and the Energize Eastside power poles in the same view.
- (b) Pamela Johnston expressed concerns regarding Sound Transit's light rail operations and maintenance facility to be built in the BelRed corridor, including that the facility will

operate 24 hours per day. She observed that office development would be more compatible with the facility. She expressed concern about concentrating too much affordable housing in any one area and said it would be better to spread affordable housing throughout the community.

At 9:46 p.m., Mayor Stokes declared the meeting adjourned.

Kyle Stannert, CMC
City Clerk

/kaw