

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

February 13, 2012
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

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

ABSENT: Councilmember Chelminiak

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:02 p.m., and declared recess to Executive Session for approximately 30 minutes to discuss two items of potential litigation.

The meeting resumed at 6:42 p.m., with Mayor Lee presiding.

Mr. Lee noted that Councilmember Chelminiak was absent following surgery related to the injuries he sustained in 2010 when he was attacked by a bear.

2. Oral Communications

- (a) Bill Hirt spoke in opposition to Sound Transit's East Link light rail project, and submitted his comments in writing. He expressed concern about plans for light rail across the I-90 bridge. He noted his ongoing request that Sound Transit quickly modify the outer bridge and demonstrated that it has the needed capacity. Mr. Hirt objects to the money being spent on the light rail project, and he asked the Council to oppose the project.
- (b) Sterling Bentsen, speaking on behalf of Imagine Housing, thanked the Council and the City for its support, especially of the Andrews Glen project in the Factoria area. He asked them to continue to support efforts to provide affordable housing. He asked the Council to vote in favor of funding for affordable housing to be included in the redevelopment of the South Kirkland Park and Ride, which is a project proposed by ARCH. He spoke about his involvement with Congregations for the Homeless, and thanked the Council for its assistance to that organization as well.

Mayor Lee thanked Mr. Bentsen for the good work in the community by those organizations.

- (c) Jerry Lutz, Perkins Coie, spoke on behalf of Best Buy regarding the NE 4th Street extension project. He acknowledged that the City is considering a modification of the project that would eliminate the need to take the Best Buy property. Mr. Lutz expressed support for that proposal to save the store.
- (d) Glenn Amster, Kantor Taylor, spoke on behalf of Home Depot. He thanked staff for their work on the NE 4th Street project, and for keeping Home Depot informed about the project. Mr. Amster expressed concern about the potential impacts to Home Depot's parking lot capacity and layout. He said that experience with other stores has shown that maintaining front lot parking is critical, and that alternative parking is not always as successful in maintaining a healthy business.
- (e) Shira explained that she would like to open an adult cabaret club in Bellevue. There is currently a law requiring dancers to dance four feet away from the customers, which prohibits the club from operating profitably. She explained that a strip club would provide an alternative to prostitution and online sex-related activity. She cited a study that indicates that up to two-thirds of dancers are single mothers. She would like to open a club initially employing 40 women, and to pay them a good wage and help them with tuition assistance.
- (f) Matt Terry introduced Tom Gething and Doug Bacon from King County Water District 117 which serves the Hilltop community. They have been working with the community during the past year to finalize the pre-annexation agreement and the water district agreement. Mr. Terry expressed concern about the treatment of vegetation management under the annexation. Hilltop residents would like the City to waive the habitat critical areas restriction in favor of a Hilltop site plan review process.
- (g) Tom Gething noted that Water District 117 has been in operation since 1948. The District has requested a non-assumption agreement with the City, to go into effect if annexation occurs. Doug Bacon said the Water District and the City have been making good progress in negotiations.
- (h) Gary Albert, a resident of Eastgate, expressed support for the annexation of the Eastgate area into Bellevue.

3. Study Session

(a) Council Business and New Initiatives

Deputy Mayor Robertson noted that the Parks and Community Services Board appointment would be delayed until the next week.

Ms. Robertson proposed adding an item to the evening's agenda. She noted allegations of a conflict of interest on the part of Councilmember Chelminiak that have been raised following the

recent news that Walmart is opening two stores in Bellevue. She said that Mr. Chelminiak has requested that this matter be addressed in his absence due to a public records request for any written legal opinion associated with this issue. Release of the records is subject to the attorney-client privilege and can only be accomplished if the client, the City Council, waives the privilege for that limited purpose.

- Deputy Mayor Robertson moved to amend the agenda to add Agenda Item 3(b), Discussion of Waiver of the Attorney-Client Privilege for the limited purpose of releasing any written legal opinion on the topic of this alleged conflict of interest. Mayor Lee seconded the motion.
- The motion carried by a vote of 6-0.

(b) Waiver of Attorney-Client Privilege with regard to Allegations of a Conflict of Interest for Councilmember Chelminiak

City Manager Steve Sarkozy introduced the item. City Attorney Lori Riordan recalled that Councilmember Chelminiak previously mentioned his past work related to Walmart. Since that time, the City has received a public records request from *The Seattle Times*, as described above.

Ms. Riordan said that, on January 17, Councilmember Chelminiak mentioned at Council Business that there had been allegations that he had a conflict of interest related to his prior work with Walmart in 2007. She said that Mr. Chelminiak had consulted with her about how to proceed. Since that time, the City received a public records request from *The Seattle Times*. Councilmember Chelminiak requested that this issue of the waiver of the attorney-client privilege be considered by the Council in his absence.

Ms. Riordan said that she prepared a legal memorandum regarding this allegation of conflict of interest. Waiver of the attorney-client privilege would be limited to the sole purpose of responding to the public records request, and requires Council action in an open meeting.

Mayor Lee confirmed Councilmember Chelminiak's interest in the Council waiving the attorney-client privilege.

- Deputy Mayor Robertson moved to provide a limited waiver of the attorney-client privilege for the purpose of releasing the legal memorandum prepared by the City Attorney on the potential conflict of interest for Councilmember Chelminiak. Councilmember Stokes seconded the motion.
- The motion carried by a vote of 6-0.

(c) Management Brief providing response to Oral Communications comment on Signal Installation at SE 34th Street

Mr. Sarkozy introduced discussion regarding the proposed traffic signal installation at SE 34th Street along West Lake Sammamish Parkway.

Dave Berg, Transportation Director, recalled the history of the West Lake Sammamish Parkway project. The planning process involved a two-year community outreach effort, which culminated in the Council adopting a project scope in 2005. The project included a traffic signal at SE 34th Street.

Mr. Berg noted that the President of the West Lake Sammamish Parkway Homeowners Association provided comments during Oral Communications on January 9 and made references to “warrants.” Mr. Berg explained that the term “signal warrants” is a technical test used by engineering professionals that utilizes national criteria for applying any of the nine signal warrants. While an analysis of the proposed signal did not meet warrants, the profession recognizes that additional factors can be considered as appropriate. In this case, residents requested the signal to help provide gaps in traffic flow for entering the roadway.

Mr. Berg recalled that, a couple of years ago, the Council programmed funding for the project. Staff worked with residents to determine the phasing of project implementation, and the community overwhelmingly supported completing the south phase from I-90 to SE 34th Street, including the traffic signal.

Given the recent testimony to the Council, Mr. Berg said that staff conducted a new signal warrant analysis, and the location still does not meet signal warrants. Staff considered a number of options, which are summarized in the management brief on page 3-1 of the meeting packet. These include completing the underground work at this time, but delaying the installation of the signal. However, staff recommends that the signal be installed at this time, due to the history of working with residents. Mr. Berg noted that the project is 70-80% designed, and staff believes this is a prudent time to install the signal.

Councilmember Davidson questioned which residents support the signal. Mr. Berg said there is an approximately equal number of residents both in favor and opposed. However, with the history of the City’s commitment to provide the traffic signal for the area, staff believes the City should move forward to install the signal.

Councilmember Stokes questioned the objections to installing the signal. Mr. Berg recalled the comments made by Mr. Bishop, who expressed concern about costs and about traffic delays that will be caused by the signal.

Responding to Mayor Lee, Mr. Berg said a traffic signal costs approximately \$200,000.

Responding to Dr. Davidson, Mr. Berg said this would be the only traffic signal on West Lake Sammamish Parkway within Bellevue’s city limits.

Councilmember Wallace noted that there have been 171 accidents during the past 10 years, and 16 of them occurred at this intersection. He questioned how this does not meet signal warrants.

Ron Kessack, Interim Assistant Director for Capital Program Services, said there are a number of warrants or criteria, and this location is close to meeting some of those warrants. Responding to Mr. Wallace, he confirmed that the traffic signal will be triggered only when needed.

Deputy Mayor Robertson asked about the connection to the SCAT system. Mr. Berg said that the SCAT system is being phased in, and there is no benefit to integrating this intersection into the system because it is not part of a corridor of signals.

Ms. Robertson expressed support for staff's recommendation, noting that she would rather err on the side of safety.

Councilmember Balducci observed that the current lack of consensus on the signal demonstrates the result of the delayed implementation of projects. She noted that often residents forget the earlier planning or why certain decisions were made.

Ms. Balducci suggested that, if the primary concern of residents is delays caused by the signal, perhaps there are ways to address this. Mr. Kessack confirmed that there are ways to address and to mitigate or manage delays.

Responding to Mayor Lee, Mr. Kessack said that using an actuated signal will minimize the impact because it will be triggered only when needed.

Responding to Dr. Davidson, Mr. Berg said the signal will not affect traffic flow at the roundabout near I-90. However, traffic at the roundabout currently often gets backed up.

Mr. Berg said staff will go back to residents to identify their concerns and to attempt to resolve them.

Ms. Balducci acknowledged that the neighbors are key stakeholders. However, they are not the only stakeholders. She stated that the earlier decision about having a traffic signal was based on a great deal of public input and compromises between the City and community. She suggested moving forward with installing the signal.

Councilmember Balducci asked about the status of current work on West Lake Sammamish Parkway related to the mudslide in January. Mr. Kessack commented on the placement of the wall, which will be on private property. The City is working with property owners on the design, and the City hopes to obtain easements soon. After those issues are resolved, construction is estimated to take three to four weeks.

- (d) Project Status and Update on Mobility and Infrastructure Projects, with focus on NE 4th Street and 120th Avenue NE (Stages 1 and 2)

Mr. Sarkozy opened discussion regarding the Mobility and Infrastructure Initiative including the NE 4th Street extension project.

Mr. Berg introduced Nancy LaCombe, the project manager for this project. The last Mobility and Infrastructure Initiative (MII) update to the Council was provided in April 2011.

Mr. Berg reviewed the key features of the Mobility and Infrastructure Initiative, which provided a package of high priority transportation projects to improve mobility in the Downtown, Wilburton, and the Bel-Red Corridor. The accompanying finance plan reflected a mix of resources, including the property tax, impact fees, local improvement district (LID) assessments, grants, incremental tax growth, and others.

Mr. Berg briefly reviewed the 2011-2017 funded MII projects including NE 15th/16th Street, 124th Avenue NE, 120th Avenue NE, NE 6th Street, and NE 4th Street.

Mr. Kessack described key features of the NE 4th Street project, which is currently at 60 percent design for the previously preferred alternative that impacts Best Buy.

Dr. Davidson referred back to the NE 6th Street project, and observed that it will take a great deal of coordination with the Washington State Department of Transportation (WSDOT). He noted that the project is at five percent design, and questioned when it will be completed.

Mr. Berg said that Ms. LaCombe is working on a multi-agency team that includes WSDOT and Sound Transit. Ultimately WSDOT will build the NE 6th Street project across I-405. Responding to Dr. Davidson, Mr. Berg said that the extension of NE 6th Street beyond I-405 to 120th Avenue NE is yet to be negotiated with WSDOT.

Responding to Mr. Wallace, Mr. Kessack confirmed that the City is operating with the expectation that WSDOT will fund the project.

Ms. LaCombe described the current alignment of the NE 4th Street extension project. The plan removes 10,000 square feet from the Best Buy building, leaving a 35,000 square foot structure, and relocates the loading dock that is currently behind the store. This alignment does not have significant impacts on the Home Depot site. The original cost of the project was \$38.4 million, and approximately \$31.7 million in funding has been identified.

Ms. LaCombe described recent acquisitions along the BNSF corridor. The City of Kirkland purchased 5.5 miles within their city limits, starting at the boundary with Bellevue and going north. The City of Kirkland did not purchase the remaining 1.2 miles of the rail corridor, however. Sound Transit acquired approximately one mile from SR 520 south to the edge of NE 6th Street.

Ms. LaCombe said that the BNSF rail corridor acquisitions present potential new options to consider related to the NE 4th Street project. She described a proposed Shifted Alignment, which moves the alignment slightly south and onto the Home Depot property. This option has five lanes between 116th Avenue NE and the BNSF corridor, and four lanes between the railway and 120th Avenue NE. The Best Buy loading dock would remain in place. However, there are parking

impacts to the lot in front of Home Depot. This is mitigated by relocating parking stalls to the west side of the Home Depot building, with the intent that these stalls will be used by Home Depot employees.

Ms. LaCombe reviewed that the current alignment keeps grant funding intact, eliminates the need to relocate the 72-inch sanitary sewer, and reduces impacts to Home Depot. However, it requires removal and remodel of the existing Best Buy structure.

Ms. LaCombe described the advantages and disadvantages of the Shifted Alignment, noting the risk of losing grant dollars and the need for additional environmental review. The Shifted Alignment keeps the Best Buy store intact, but requires additional property west of the BNSF corridor.

Ms. LaCombe reviewed the next steps related to the NE 4th Street alignment, which is to continue discussions with affected property owners, consult with outside legal counsel regarding the rail corridor, negotiate with the Port of Seattle and King County regarding the rail corridor, and completing the engineering feasibility study.

Mr. Berg reviewed a slide of upcoming Council actions. He noted staff's plan to return for additional Council discussion about the Mobility and Infrastructure Initiative plan. Staff would like to return March 5 to provide a further update on the NE 4th Street alignment and project financing.

Councilmember Davidson questioned the ability of a truck to turn around at the BNSF corridor behind Best Buy. Ms. LaCombe described plans to address loading dock access. Responding to Dr. Davidson, she confirmed that parking could be added along the west side of Home Depot. However, the BNSF corridor is potentially encumbered by a number of items.

Dr. Davidson questioned who would be responsible for moving the King County sanitary sewer. Ms. LaCombe said the City is currently in discussions with King County about its replacement and potential cost sharing.

Responding to Councilmember Balducci, Ms. LaCombe said that the usage of the BNSF corridor was previously off limits. City Manager Sarkozy recalled that the Port of Seattle previously proposed selling the BNSF corridor to King County, which was going to preserve the ROW for a trail with uncertain usage of the rail line. However, things have changed in that regard.

Responding to Ms. Balducci, Mr. Berg noted the need for additional legal analysis on the rail corridor and rail banking issues.

In further response to Ms. Balducci, Ms. LaCombe said there is currently a grant for the 120th Avenue NE project that must be obligated by March 31, 2012. Mr. Berg said the project is awaiting final environmental approval. Ms. LaCombe said that all ROW has been acquired and certified. There is a separate grant for NE 4th Street, which must be obligated by September. This grant is the one that is at risk if the alignment is modified and reengineered.

Councilmember Balducci said she appreciates the creativity that has gone into identifying and analyzing options. She encouraged staff to continue to work toward a project that will provide the highest benefit for all parties.

Responding to Dr. Davidson, Mr. Berg said the Shifted Alignment would eliminate one westbound lane on NE 4th Street.

Deputy Mayor Robertson questioned the effect of the roadway narrowing. Mr. Kessack said additional analysis would be needed on that detail. However, it appears that the roadway would function well. Staff is also looking at an option that would provide the lane from 120th Avenue NE to the Best Buy structure. The Best Buy building blocks continuing that lane to the west.

Ms. Robertson questioned whether there is better functionality with two westbound lanes. Mr. Kessack said that two lanes provide greater flexibility. However, he noted that dual left-turn pockets could potentially provide the same functionality.

Ms. Robertson observed that the Shifted Alignment appears to have more challenges than benefits as compared to the currently preferred alignment. Responding to Ms. Robertson, Mr. Kessack said the greatest cost differential between the two alternatives will be related to the extent of the impacts on the Best Buy building. Ms. LaCombe said that an updated cost estimate for the Shifted Alignment will be presented to the Council on March 5.

Ms. Robertson asked for more work on analyzing the impacts of relocating parking on the Home Depot site. She asked if there will also be discussion about the Mobility and Infrastructure Initiative on March 5 as well. Mr. Sarkozy said that staff plans, within the next few weeks, to discuss the creation of a local improvement district (LID) and the use of impact fees to help fund the NE 4th Street project.

Ms. Robertson noted that impact fees are not coming into the City as originally anticipated in the MII Plan. She questioned how the City will fund projects related to the future East Link project. She noted the need for a comprehensive discussion of the transportation plan and projects, as well as resources. She is open to considering a ballot measure for funding, and observed that funding will need to go beyond impact fees and LID assessments. Ms. Robertson said there is a need for an overall discussion and evaluation of all capital needs, including projects identified in the East Link Memorandum of Understanding. She does not want to be forced into a situation of choosing between honoring the MOU or increasing the property tax.

Councilmember Wallace questioned the relocation of 159 parking stalls in the Home Depot lot. Ms. LaCombe explained that 55 parking spaces would be moved to the west side of the building. She acknowledged that more analysis of this option is underway.

Mr. Wallace referred to earlier public Oral Communication about the importance of having front lot parking at retail sites. Mr. Kessack said the parking along the west side of Home Depot would be sufficient for employee parking and would preserve parking spaces in front of the store for

customers. Mr. Wallace observed that the Shifted Alignment presents more challenges than the original alternative.

Mayor Lee referred to testimony during Oral Communications representing both Best Buy and Home Depot. He acknowledged that there are challenges that need to be resolved, and he encouraged continued discussion and coordination with affected parties.

At 8:19 p.m., Mayor Lee declared a five-minute break.

The meeting resumed at 8:27 p.m.

(e) Budget Process Overview, Calendar, and Outcomes Discussion

Mr. Sarkozy opened discussion regarding the budget process.

Finance Director Jan Hawn provided an overview of the budget process. Staff will continue to work on the budget, and a Council budget workshop is anticipated for April. The results teams will rank the budget proposals this summer, which will be followed by the Leadership Team's comprehensive review into the fall. The City Manager anticipates presenting his proposed budget to the Council in September.

Ms. Hawn described the Budget One process, which structures the budget based on Outcomes and citizens' priorities instead of by department functions and organizational structure.

Ms. Hawn said the budget process will continue to be challenging due to the economic recession, legislative impacts, and the need to fund major initiatives including light rail-related projects and the Mobility and Infrastructure Initiative.

Ms. Hawn said staff recommends continuing to utilize the seven Outcomes endorsed by the Council for the development of the 2011-2012 budget: 1) Safe community, 2) Improved mobility, 3) Healthy and sustainable environment, 4) Innovative, vibrant and caring community, 5) Quality neighborhoods, 6) Economic growth and competitiveness, and 7) Responsive government.

Ms. Hawn presented a pie chart showing the 2011-2012 Operating Budget and 2011-2017 Capital Investment Program (CIP) Plan by Outcome area, and noted the consistency with Outcome areas and priorities used by other jurisdictions. She reported that the Leadership Team endorses continuing to use the same seven Outcome areas.

Deputy Mayor Robertson expressed support for continuing with the same seven Outcomes. She noted that the previous budget process was very labor intensive for staff, and that staff has been reduced. Responding to Ms. Robertson, Ms. Hawn said that, now that processes are in place, this Budget One effort is not expected to require such labor intensive efforts.

Ms. Robertson encouraged the continued use of the above-the-line/below-the-line lists of budget proposals for review by the Council. She would like to review the recommendations of both the Leadership Team and the Results Teams as well.

Councilmember Stokes thanked staff for the introductory budget materials. He observed that the first Budget One process was a learning experience. He expressed support for the process, and concurred with the hope that it is not overly labor intensive for staff.

Ms. Balducci said she too prefers maintaining the same structure for the Budget One process. This will help to track budget items and decisions from year to year as well.

Mayor Lee recalled that the Council has discussed the concept of having one-day mini retreats, and he suggested that would be a good format for addressing the budget.

Mr. Sarkozy said that would be helpful for staff, and he suggested having a session in late March. The first topic would most appropriately be the Mobility and Infrastructure Initiative and CIP Plan/project list.

Mayor Lee encouraged incorporating some form of community input. He hopes that a half-day session would get the Council and staff to some understanding of the funding needs and financial resource options.

Councilmember Wallace endorsed using same seven Outcome areas. Dr. Davidson concurred and observed that it should be more efficient for staff this time.

Responding to Dr. Davidson, Ms. Hawn said the City traditionally holds three public hearings on the budget. State law requires one public hearing.

Mayor Lee would like to see a more in-depth discussion of the Economic Growth and Competitiveness Outcome during this budget process.

(f) South Bellevue Annexation Initiative and Status Report

Mr. Sarkozy introduced staff's update on the South Bellevue annexation efforts.

Dan Stroh, Planning Director, reported that sufficient signatures have been received and certified by King County for a majority of the South Bellevue Annexation area. The annexation is before the Boundary Review Board and the City anticipates annexing 93 percent of the population of the South Bellevue Potential Annexation Area (PAA) by April 1.

Staff is asking the Council to: 1) Direct staff to bring back an ordinance on the State Sales Tax Credit, 2) Provide feedback on whether the pre-annexation agreements for the Hilltop PAA are headed in the right direction, and 3) Schedule a public hearing and action dates for the Eastgate and Tamara Hills petitions. Staff recommends scheduling a public hearing for March 5.

Nicholas Matz, Senior Planner, reiterated that the Eastgate and Tamara Hills annexations are before the Boundary Review Board with a proposed effective date in April. Horizon View petitions have reached 51 percent, and 60 percent is needed. The proposed effective date of that annexation is July 1. Staff continues to negotiate agreements with regard to the Hilltop annexation, which is targeted for a July 31 effective date.

Mr. Matz provided a fiscal update on the South Bellevue Annexation, noting an operating budget shortfall of \$1.2 million for a typical year. Revenues during the first year of annexation (2012) are generated by the Road District, State-shared liquor tax, motor vehicle fuel tax (MVFT), utility taxes, and the Fire District 14 Interlocal agreement. The liquor tax, MVFT, and utility tax are ongoing.

Mr. Matz reviewed the operating budget costs and revenues for the first Annexation “blended” fiscal year (2012-2013) and noted a budget shortfall of \$577,195. He explained that this estimate is presented to the State in the City’s request for the State Sales Tax Credit. Staff is seeking Council direction to bring back an ordinance that captures the statutory requirement to notify the State about the City’s anticipated revenue shortfall.

Mr. Matz referred to page 3-74 of the meeting packet, which acknowledges that there will be capital investment needs similar in character to the capital needs involved in the last large annexation, West Lake Sammamish, in 2001. Bellevue Utilities currently provides water and wastewater services to most residents in the annexation area, with the exception of Hilltop, which is in Water District 117. Annexing the entire PAA will dissolve Fire District 14, which currently contracts with the City for services.

Mr. Matz explained that the State Annexation Sales Tax Credit was established to help local governments that annex areas and extend their service area. The City is currently negotiating an Interlocal Agreement with King County that addresses the transfer of development services, real property transfers, and the 150th Avenue CIP project Interlocal Agreement.

Mr. Stroh recalled that the Hilltop area was established before the City of Bellevue was incorporated. Citizens are interested in retaining the character of the community, and in retaining their local water district.

Mr. Stroh referred to materials beginning on page 3-76 of the meeting packet, including a list of provisions requested by the Hilltop Community Inc. (HCI) in the annexation agreement. He noted that residents do not want sidewalks or other more urban neighborhood amenities. The area would like to retain its water district and does not want annexation to trigger connecting to the public sewer system.

Mr. Stroh said Hilltop residents are requesting an exemption from certain Critical Areas Habitat Code provisions. However, other critical areas regulations would still apply. Hilltop residents are interested in snow removal for neighborhood priority routes and permit vesting for existing King County permits.

Responding to Councilmember Davidson, Mr. Stroh said that critical areas regulations governing slopes, wetlands and streams would still apply in the Hilltop area.

Responding to Councilmember Stokes, Mr. Stroh said a full formal assessment of the habitat has not been completed. However, the Hilltop area is recognized for providing a strong habitat for wildlife.

Mayor Lee noted his discomfort with the proposed Hilltop annexation. He questioned the cost of additional items requested by the area, for example, snow removal.

Mr. Matz said the City's cost estimate for providing services applies to the entire South Bellevue Annexation area. With regard to snow removal, Mr. Matz said it makes sense to designate neighborhood snow routes using the same rationale applied to other areas. Mr. Stroh said he is not aware of any additional staff costs for snow removal in that area.

Responding to Deputy Mayor Robertson, Mr. Matz said he anticipates a draft agreement on the 150th Avenue capital improvements from King County on Wednesday. Ms. Robertson noted current roadwork in the Eastgate area, and suggested exploring whether the overlays could be installed consistent with Bellevue's standards. She would like an update from the City Manager on this issue.

Ms. Robertson noted that the Bellevue School District is rebuilding Tyee Middle School. She commented on the difference in sidewalk and landscaping within and outside of the city boundary. At one point the sidewalk ends, and there will be no sidewalk on the other side of the school. She would like to have consistent amenities, and would like to encourage the Bellevue School District to complete the sidewalks.

Ms. Robertson spoke in favor of moving forward with Council action on the State Annexation Sales Tax Credit ordinance, and with the Eastgate and Tamara Hills annexations.

With regard to Hilltop and Horizon View, Ms. Robertson noted that Horizon View made a special request and was told that it was too late to make requests. Now the Hilltop area is making requests and the City is engaged in negotiating those items. She is not comfortable with this, particularly with regard to the requested exemption from the Critical Areas Habitat Code.

Deputy Mayor Robertson observed that the area will receive better services and lower property taxes. She stated that the request for an exemption from the Critical Areas Habitat Code is beyond her comfort zone. She noted that the Horizon View area chose to annex even though its requests were not fully met.

Responding to Councilmember Davidson, Mr. Stroh said that endangered species are regulated by federal and state requirements.

Councilmember Stokes supports the annexations and moving forward with an ordinance on the State Sales Tax Credit. With regard to Hilltop, he is comfortable with everything except the habitat exemption. He prefers to have consistent rules throughout the community, and suggested continued negotiations to remove that provision from the annexation agreements. He noted that the area has done a good job of preserving habitat and therefore an exemption is not necessary.

Councilmember Balducci spoke in favor of directing staff to prepare an ordinance on the State Sales Tax Credit, and to move forward with the Eastgate and Tamara Hills annexation. She stated her understanding that most annexations have involved some sort of special requests. She questioned the extent to which Hilltop's requests differ from past annexations. She strongly supports the objective of annexing all remaining PAAs.

Councilmember Wallace concurred with Councilmember Stokes' support for proceeding with the State Sales Tax Credit ordinance. Mr. Wallace said that most of the requests by the Hilltop area are reasonable, but the critical areas exemption does not make sense for him.

Mayor Lee concurred and commented that he sees no reason to make an exception for one part of the community. He agreed with Mr. Stokes that the exemption is not necessary given the healthy habitat of the neighborhood.

Mr. Stroh said the City has accommodated certain requests and exceptions related to annexations over the years. When the Factoria area annexed in 1993, there were a number of specific provisions. Mr. Stroh said this is an important issue for Hilltop residents, and he believes it will be a hard message to discourage the exemption.

Mayor Lee said the Council recognizes the significance of the issue for Hilltop residents. However, he prefers consistent regulations throughout the community.

Mr. Stokes clarified that he would like more information on the requested critical areas exemption. He agrees with Ms. Balducci that annexation is an important overall objective. He thanked staff for their work on the annexations.

Mayor Lee noted a consensus to direct staff to come back with the State Sales Tax Credit ordinance for Council action.

At 9:34 p.m., Mayor Lee declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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