

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

December 5, 2011
8:00 p.m.

Council Chamber
Bellevue, Washington

PRESENT: Mayor Davidson, Deputy Mayor Lee, and Councilmembers Balducci, Chelminiak, Degginger and Wallace

ABSENT: Councilmember Robertson

1. Call to Order

The meeting was called to order at 8:04 p.m., with Mayor Davidson presiding.

2. Roll Call, Flag Salute

Upon roll call, all Councilmembers except Councilmember Robertson were present. Deputy Mayor Lee led the flag salute.

(a) Public Service Announcement from the U.S. Postal Service

Russell Rainey, Real Estate Specialist for the U.S. Postal Service (Denver office), announced that the agency will be consolidating the retail operations of the Bellevue Main Post Office and the Bellevue Midlakes Station. He introduced Wes Harry, Station Manager for the Midlakes Station, and Trent McNeil, Western States Operations Manager. They described the community outreach process, and the plan to sell both facilities and to identify a new location for downtown retail services. U.S. Postal Service staff will keep the City updated on location options as the site selection process moves forward.

Councilmember Balducci thanked the guests for the update. She expressed concern that the consolidation will direct more traffic to the Crossroads Post Office. She described traffic backups that occur now at that location, especially during peak operations. She noted that the two downtown locations contain the majority of the post office boxes, and she hopes that this service will continue in the new retail location.

Responding to Councilmember Chelminiak, Mr. Harry said the new retail location will offer all of the services currently provided at the Main and Midlakes facilities, including post office

boxes. Mr. Chelminiak encouraged the U.S. Postal Service to provide adequate parking and traffic capacity at the new location.

Responding to Councilmember Wallace, Mr. McNeil explained that customers are increasingly accessing postal services without actually visiting the post office. He also noted the need to reduce operational costs and to sell assets. In further response, Mr. Rainey said the agency will eventually sell the Main post office site.

Mayor Davidson thanked the presenters for involving the City early in this transition.

3. Communications: Written and Oral

- (a) Joe Rosmann, a Surrey Downs resident, said he has been involved in surveying 5,000 households throughout Bellevue to talk about light rail issues, including funding. He reported that citizens are unaware of the potential costs to residents of the light rail project and related development in the Bel-Red Corridor. He said residents believe the City should not be involved in an agreement with Wright Runstad for the development of a project within the Bel-Red corridor.
- (b) Ellen Kerr, representing Bridle Trails residents, thanked the Council for supporting the Electrical Reliability Study. She asked them to create, prioritize, and implement a vision for the future based on the recommendations of the study. She asked the Council to discuss the study and next steps during the Council Retreat early next year. Ms. Kerr said residents strongly support the recommendation to hire an electrical engineer who can work with staff to coordinate the ongoing process.
- (c) David Plummer said the Electrical Reliability Study concluded that Bellevue has a very reliable electric power system. He discouraged the Council from feeling that there is a need to envision a grandiose scheme to do something that is not clearly defined in the report. He asked the Council to consider urging Puget Sound Energy to create for the City an integrated resource plan encompassing their electrical and gas utilities systems.
- (d) Bill Popp expressed concern about the impacts of the East Link light rail project on pre-condemnation property devaluation. He suggested that the City should offer monetary damage compensation to all homes along the corridor that are not direct takes. He submitted his comments in writing.
- (e) Dick Morris, President of the Sunset Community Association, concurred with Ms. Kerr's earlier comments about the Electrical Reliability Study. He asked the Council to discuss the study recommendations at its upcoming Retreat.

4. Reports of Community Council, Boards and Commissions

Brad Smith, representing the Arts Commission, spoke regarding proposed cuts to arts programs and requested that Special Projects budget reductions be restored. He reported that there were 18

Special Projects this year, including sponsorship of the entertainment stage at the Strawberry Festival, visual arts projects, and other festivals and events.

Councilmember Balducci thanked Mr. Smith for his report, and noted that the Council will be discussing the Mid-Biennium Budget Update for the next two meetings.

5. Report of the City Manager

(a) Jubilee Reach update

City Manager Steve Sarkozy introduced staff's report on the Jubilee Reach organization.

Patrick Foran, Parks and Community Services Director, introduced Brent Christie, Executive Director, and David Cole, Chairman of the Board of Directors. They presented a video of Jubilee Reach's programs, and described the positive impacts on Bellevue youth.

Mayor Davidson thanked Jubilee Reach, which was initially founded by volunteers, for its work in the community.

Councilmember Wallace commended the program's impact and benefits for families. He thanked community volunteers and other supporters of Jubilee Reach.

Deputy Mayor Lee expressed support for the program, which provides important and needed services for youth and families, including the immigrant community.

(b) Eastgate/I-90 Citizen Advisory Committee Update

Mr. Sarkozy introduced staff's update on the Eastgate/I-90 Citizen Advisory Committee's work.

Mike Bergstrom, Senior Land Use Planner, described the Eastgate/I-90 Land Use and Transportation project. He recalled that staff provided an update in July, shortly after the CAC developed draft alternatives for the corridor. He reported that the CAC is close to finalizing its Preliminary Preferred Alternative recommendation for the Council, and he described key elements of the plan.

Mr. Bergstrom described the land use themes related to the planning effort: 1) Market-driven opportunities, 2) Transit Oriented Development (TOD), 3) Public benefits, 4) Retention of light industrial uses, 5) Retail, 6) Bellevue College, 7) Gateway/Identity, and 8) Environmental awareness.

Franz Loewenherz, Senior Transportation Planner, described the transportation themes related to the corridor plan: 1) Washington State Department of Transportation (WSDOT) I-90 improvements, 2) Lakemont Boulevard interchange, 3) Traffic congestion points, 4) Mountains to Sound Greenway Trail connections, 5) Transit emphasis corridor (142nd), 6) Metro service improvements, 7) Pedestrian and bike connections, and 8) Streetscape refinement.

Councilmember Balducci suggested that the Council address this planning effort in a Study Session, to allow more time for in-depth discussion.

Councilmember Degginger concurred and thanked staff for the update. He commented on the importance of balancing land use and transportation elements to ensure that future development is supported by sufficient transportation infrastructure. Responding to Mr. Degginger, Mr. Loewenherz said the CAC's next meeting is scheduled to discuss implementation. Staff has modeled the 2030 land use scenario both with and without the transportation improvement concepts. The transportation improvements clearly have benefits. However, the City is not faced with a transportation concurrency violation within the corridor, despite the existing issues.

Deputy Mayor Lee suggested that WSDOT's I-90 projects provide opportunities for the area. He said this is a significant economic development project for the region as well.

Councilmember Chelminiak agreed that it would be appropriate to discuss further details in a Council Study Session. He observed that there are many good elements in the plan. He questioned how it might relate to student housing and other residential housing. He questioned the estimated costs of capital improvements, noting the significant budget constraints that the City continues to experience.

Mr. Chelminiak noted that a redevelopment plan has been established for the Bel-Red Corridor, and he believes there should continue to be a focus on implementing that plan. Additional land use priorities include neighborhood shopping centers, the Shoreline Management Program, and Downtown land uses. Mr. Chelminiak suggested that a broad discussion of these priorities would be an appropriate topic for the Council Retreat.

Councilmember Wallace referred to Attachment E in the meeting packet, and noted that almost every Council principle related to this project deals with transportation. When the topic comes back for a Study Session discussion, Mr. Wallace would like to see more attention on an analysis of the current transportation situation and on the expected benefits of specific improvements.

Mayor Davidson said he attended the Eastgate/I-90 project open house earlier in the fall, at which time four alternatives had been identified. He noted that the final report is anticipated in February or March. He suggested that the Council wait until closer to that time for a more extensive discussion, and suggested that more information will be available for the Council Retreat in late January. Mayor Davidson said that land use and transportation issues will also be addressed by the Planning Commission and the Transportation Commission. He noted that this was essentially the process used for the Bel-Red Corridor planning effort.

Councilmember Balducci recalled that the Council was much more involved throughout the Bel-Red Corridor process. She believes it is critical that the Council have more input before a final vision and recommendation is presented by the CAC.

Councilmember Balducci proposed a motion that the CAC not produce a final report until the City Council has a Study Session to discuss the project. She believes it would be helpful to both the Council and the CAC to enhance the exchange of information before a final recommendation is identified.

Mayor Davidson reiterated support for a Study Session early next year.

Councilmember Degginger concurred, noting that the Council was also more involved in the Meydenbauer Bay Park and Land Use planning effort.

Councilmember Balducci withdrew her motion with the understanding that the topic will be brought back at the first of the year.

Councilmember Chelminiak suggested that the Council Retreat include a broader discussion of land use and transportation priorities and a related work program. However, he would like more information on the Eastgate/I-90 study in a Study Session before the Retreat in order to inform the broader discussion.

(c) Bellevue Electrical Reliability Study [Study Session Agenda Item 2(b)]

Mr. Sarkozy opened discussion regarding the Electrical Reliability Study initiated by the City Council.

Sheida Sahandy, Assistant to the City Manager, introduced Walter Bak, Principal Engineer, and Stig Nilsson, Principal Engineer, of Exponent, the consultants hired to conduct the Electrical Reliability Study. Tonight's presentation will address the current system's reliability assessment and outage analysis, and future system generation, transmission and distribution. Discussion of the role of the City and the measurement and monitoring plan is scheduled for December 12.

Ms. Sahandy recalled that the Council received the full report just before Thanksgiving. She thanked members of the external and internal stakeholders groups as well as Puget Sound Energy for their work on this project. She recognized Councilmember Degginger's leadership as Council liaison.

Mr. Nilsson described the concept of reliability which includes time between failures, availability of equipment, frequency of outages, and duration of outages. The study determined that Bellevue's system is reliable and expandable. However, opportunities for improvement include adding redundancy to all substations and circuits, underground cable replacement and remediation work, replacing and moving underground equipment to above-ground pads, vegetation management, developing strategies to cover the costs of the conversion of overhead to underground lines, and others.

Mr. Nilsson explained that the City's agreement with Puget Sound Energy provides adequate and reliable power supply to meet medium term (5-10 years) and long term (10-20 years) growth requirements. He presented data on Bellevue's outage frequency and duration, and compared

PSE to other regulated utilities in Washington state. Mr. Nilsson described the causes of outages including external accidents and equipment failures, the latter of which are caused primarily by animal activity and trees/vegetation.

Mr. Nilsson described the overall circuit system and PSE's 115 kV transmission system in and around Bellevue. He reviewed anticipated future electrical power demands and potential new power sources. He presented a map of Bonneville Power Administration's statewide system constraints on PSE's remote resource delivery within its service area. He noted Bellevue's growth areas (Downtown, Bel-Red, Somerset/Eastgate) and provided system recommendations to accommodate this growth.

Mr. Nilsson described the concept of Smart Grid technology, which involves meters that are capable of two-way communication with control features embedded for switching customer loads for demand management, and possibly providing real-time pricing of power. This technology is subject to emerging regulations, and security is an issue because it uses wireless and public communications networks.

Mr. Nilsson reported that a key concern of residents is the availability of information when outages occur. He reiterated that Bellevue's power supply is reliable, and capable of expanding to accommodate growth. He highlighted the need to invest in 115kV lines, and to identify new power resources for the long-term future (20 years and beyond).

→ Councilmember Balducci moved to extend the meeting until 10:30 p.m., and Councilmember Wallace seconded the motion.

→ The motion carried by a vote of 6-0.

Councilmember Wallace said it would be helpful to hear from Puget Sound Energy regarding the report's recommendations. He does not have a clear understanding of the City's responsibility and role with regard to PSE's system responsibilities.

Ms. Sahandy said that, in developing the next steps, staff will identify the City's role in the process.

Councilmember Chelminiak indicated that he attended some of the stakeholder meetings and reviewed the first few drafts of the report. He agreed with the need to define the City's role, as well as the resources that the City might dedicate to this effort. However, he observed that the information provides a basis for helping the City to understand current and future needs and to discuss those with PSE.

Deputy Mayor Lee stated that this is a complicated issue, and he appreciates the report. He thanked citizens for their participation and said he welcomes the opportunity to define the City's role. Mr. Lee noted that the issue of electrical reliability is a factor in attracting and retaining businesses.

6. Council Business and New Initiatives

Councilmembers passed on providing reports due to the time.

Mayor Davidson congratulated Bellevue High School for winning the State AAA Football Championship.

Mayor Davidson reported that he celebrated the recent International Trade Agreement at an event with the Korean Counsel General.

7. Approval of the Agenda

→ Deputy Mayor Lee moved to approve the agenda, and Councilmember Degginger seconded the motion.

→ The motion to approve the agenda carried by a vote of 6-0.

8. Consent Calendar

→ Deputy Mayor Lee moved to approve the Consent Calendar, and Councilmember Chelminiak seconded the motion.

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

- (a) Minutes of November 14, 2011 Extended Study Session
- (b) Resolution No. 8333 authorizing execution of the ORCA card agreement with King County for the purchase and distribution of the annual 2012 ORCA cards to City employees.
- (c) Motion to award Bid No. 11279 to Northend Truck Inc., in the amount of \$50,129.10, as the lowest responsible and responsive bidder, to provide six American Snow Plows, Model FTP108 QR Trailblazer, to replace existing snow plow blades and supporting apparatus for the Utilities Department.
- (d) Resolution No. 8334 authorizing execution of a two-year contract, with an option to renew for an additional two years, with Holaday-Parks Inc., in an amount not to exceed \$74,320.76, for heating, ventilation, and air conditioning (HVAC) maintenance service at ten Fire Department facilities.
- (e) Ordinance No. 6026 repealing Resolution Nos. 4800 and 4928 and Ordinance Nos. 4777, 4813, and 4982, and creating a new expanded Residential Permit Parking Zone 2, restricting parking on the streets within the zone to "No Parking 7 a.m. to 4 p.m., Except Saturday, Sunday, and Holiday and Except by Zone 2

Permit.”

- (f) Resolution No. 8335 authorizing execution of an amended and restated Cascade Water Alliance Interlocal Contract to change the cap on administrative charges from 5% to 9%.

9. Public Hearings

- (a) Public hearing on the State Auditor’s Office Performance Audit of Local Governments’ Allocation of Overhead Costs

City Manager Sarkozy noted that state law requires a Public Hearing on Bellevue’s results from the Washington State Auditor’s performance audit report on local governments’ allocated overhead costs.

Finance Director Jan Hawn said the City has had clean audit opinions for a number of years, with no management letters or findings. She introduced staff from the Auditor’s Office to comment on the recent performance audit.

Chris Cortinas, Principal Performance Auditor, explained that overhead costs are represented by support functions including payroll, accounts payable, and human resources. They support all of the operations of the City and are allocated to various funds, including those that are restricted to utilities. The purpose of the audit was to identify how overhead costs are charged to utilities, and the amount of those costs.

The audit found that the City of Bellevue is using a good methodology for making certain that the utilities only pay for their proportionate equitable share of overhead costs. Bellevue actually slightly undercharged utilities for overhead costs in 2009, which indicates the City’s conservative approach. The State Auditor recognizes Bellevue and its practices as an example for other jurisdictions.

Mr. Cortinas noted that, when the report was published, the Auditor’s Office received requests from other cities not included in the audit seeking model practices. Bellevue was one of two cities represented in the audit report to which the Auditor’s Office referred those inquiries. Mr. Cortinas thanked the City Manager, Finance Director, and budget/finance staff for their cooperation with the audit process.

Responding to Deputy Mayor Lee, Mr. Cortinas said that Spokane is the other city that was highlighted with Bellevue as exhibiting the leading practices that should be in place for sound cost allocation.

Responding to Councilmember Degginger, Mr. Cortinas said the audit was performed at no cost to the City. However, these audit activities are funded by 1/100th of a percent of the sales tax revenue paid by all citizens.

Responding to Mr. Degginger, a second representative of the State Auditor's Office said he will provide information on the cost of the audits. He said studies indicate that entities that have audited financial statements save approximately 25 basis points on average on their bonded debt. That savings often more than offsets the cost of the audit.

→ Deputy Mayor Lee moved to open the Public Hearing, and Councilmember Chelminiak seconded the motion.

→ The motion carried by a vote of 6-0.

No one came forward to comment.

→ Deputy Mayor Lee moved to close the Public Hearing, and Councilmember Chelminiak seconded the motion.

→ The motion carried by a vote of 6-0.

Responding to Mayor Davidson, Mr. Cortinas said it is important to reconcile overhead cost estimates with actual costs at year end. Although the City of Bellevue slightly undercharged its utilities, the City has precise budgeting in place, which indicated that the differential between estimated and actual costs is minor. Overall, Bellevue's precision in overhead cost allocations was one of the best of the eight cities studied.

Mr. Sarkozy said staff is evaluating the cost of reconciling estimated and actual costs versus the potential benefit to the General Fund. The recovery to the General Fund is thought to be small, but it is still under review.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions

(a) Mid-Biennium Budget Update

1. Ordinance No. 6027 establishing the amount of property taxes to be levied for the year 2012, the second year of the City of Bellevue's 2011-2012 Fiscal Biennium.

Finance Director Jan Hawn noted that Ordinance No. 6027 reflects no property tax increase.

Responding to Councilmember Chelminiak, Ms. Hawn said the Regular property tax rate per \$1,000 assessed valuation is \$1.015 for 2011 and \$1.064 for 2012. The Parks levy property tax rate is \$0.126 in 2011 and \$0.131 in 2012. She confirmed that the assessed valuation of property has generally decreased.

→ Councilmember Balducci moved to adopt Ordinance No. 6027 establishing the City's 2012 Regular Property Tax Levy, and Councilmember Chelminiak seconded the motion.

→ The motion to adopt Ordinance No. 6027 carried by a vote of 6-0.

Resolution No. 8336 providing for the banking of levy capacity pursuant to RCW 84.55.092.

→ Councilmember Chelminiak moved to approve Resolution No. 8336 preserving the City's total existing banked property tax capacity, and Councilmember Balducci seconded the motion.

→ The motion to approve Resolution No. 8336 carried by a vote of 6-0.

2. Ordinance No. 6028 regarding development services under the Bellevue City Code; fees for applications requiring construction, land use, fire, survey, sign, transportation, utility, and clearing and grading review and inspection services; repealing Ordinance No. 5846.

Mr. Sarkozy noted that the proposed Development Services fees have been discussed by the Council in previous meetings.

Mayor Davidson reiterated that he has heard concerns from the development community about inspection services. He questioned the feasibility of a performance evaluation process that would solicit feedback from customers receiving services and report the information to the Council.

Mike Brennan, Development Services Director, said the City conducts regular customer surveys, including a new online survey asking contractors and homeowners to evaluate inspection services. He said staff can provide more related data to the Council.

Mayor Davidson said he would like the Council to be able to review customer feedback within the broader purpose of monitoring performance and establishing fees.

Responding to Councilmember Chelminiak, Mr. Brennan acknowledged that the proposed rates are below the objectives set in 2003. However, staff recommends a phased increase of cost recovery rates given the economy.

Responding to Councilmember Balducci, Mr. Brennan said the proposed ordinance adopts 2012 fees only.

Responding to Councilmember Wallace, Mr. Brennan explained that the flat fees are adjusted by two factors: 1) Hourly rate adjustment, and 2) Two-year history of actual time spent on permit processing. Some flat fees increased more than five percent, and some went down.

- Councilmember Chelminiak moved to adopt Ordinance No. 6028, and Councilmember Wallace seconded the motion.
- Councilmember Wallace moved to extend the meeting by 15 minutes, and Councilmember Balducci seconded the motion.
- The motion to extend the meeting carried by a vote of 6-0.

Councilmember Wallace spoke to the motion. He said the City received one comment from a developer who did not oppose the fee adjustments, but encouraged continued work on predictability and efficiency. This perspective is typical of other developers.

Mr. Wallace will support the fee. He encouraged a broader assessment of the process that goes beyond customer surveys. He said it is important to communicate the City's building standards and ongoing efforts to improve, in order to be competitive with other cities.

Councilmember Degginger expressed support for the motion. He spoke in favor of initiating a process similar to the effort involving the Construction Code Advisory Committee several years ago.

- The motion to adopt Ordinance No. 6028 carried by a vote of 6-0.
 - 3. Ordinance No. 6029 adopting a new Chapter 4.50 of the Bellevue City Code to recover certain costs of providing Basic Life Support emergency medical services transport.
 - 4. Ordinance No. 6030 relating to the mid-biennial review and modification of the 2011-2012 biennial budget as required by RCW 35A.34.130 and Ordinance No. 4872; adopting certain modifications to the 2011-2012 biennial budget; and establishing an effective date.

Mayor Davidson noted the postponement of consideration of Ordinances Nos. 6029 and 6030 to the December 12 meeting.

Councilmember Balducci commented on the high volume of agenda items presented at the end of the year. She observed that some items were not time sensitive and could have been deferred.

Mayor Davidson noted that the East Link light rail project consumed most of the year's discussions.

- 12. Unfinished Business: None.
- 13. Continued Oral Communications: None.
- 14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 10:37 p.m., Mayor Davidson declared the meeting adjourned.

Myrna L. Basich, MMC
City Clerk

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