

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

May 29, 2012  
6:00 p.m.

Council Conference Room 1E-113  
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

Deputy Mayor Robertson called the meeting to order at 6:01 p.m. and declared recess to Executive Session for approximately 30 minutes to discuss one item of property acquisition and one item of potential litigation.

The meeting resumed at 6:41 p.m., with Mayor Lee presiding.

2. Oral Communications

- (a) Rhonda Parks Manville, Marketing Director for the Seattle Humane Society, thanked the Council for considering their proposal to partner with the City for animal shelter services at a cost that is lower than the proposal from King County. The Society is able to offer better care at lower prices due to donor support. Ms. Manville said the Seattle Humane Society is an open shelter that accepts any companion animal regardless of breed, age, temperament, or history. She said King County's shelter in Kent is currently open fewer hours than the Seattle Humane Society. She said the City's report fails to calculate the additional revenue to the City from animal redemptions and impounds. It also fails to calculate that Bellevue would receive all of the license revenue under the subregional (non-King County) model. Ms. Manville said the report does not provide an apples-to-apples comparison of costs.
- (b) Alex Zimmerman, Stand Up America, said he has lived in Bellevue for 25 years and has had 27 tickets in Bellevue. He expressed concern about variations in speed limits, the cost of traffic fines, and red light cameras.

3. Study Session

(a) Council Business and New Initiatives

[There was no discussion.]

(b) Regional Issues

City Manager Steve Sarkozy introduced Regional Issues' topics.

(1) Cascade Water Alliance Interlocal Contract Amendments

Joyce Nichols, Interim Director of Intergovernmental Relations, opened discussion regarding proposed amendments to the Cascade Water Alliance Interlocal Contract. Staff is seeking direction about whether staff should prepare a resolution for Council's consideration that would authorize the City Manager to execute the amendments to the Cascade Interlocal Contract.

Alison Bennett, Utilities Policy Advisor, said the proposed contract amendments provide the opportunity for Cascade to streamline and create more legal certainty for its own operations and its relationships with other entities/organizations. All amendments must be approved by a 65-percent dual majority vote of Cascade's members within 120 days of the Cascade Board's action. Therefore, each agency must act by July 26. The amendments will convert Cascade to a joint municipal services authority under the Joint Municipal Utilities Services Act (JMUSA), which was approved during the 2011 state legislative session. Bellevue's Cascade Board members, City staff, and the City Attorney have reviewed and support the amendments.

Chuck Clarke, Cascade Water Alliance CEO, explained that Cascade was established approximately 13 years ago under the Watershed Partnership Statute. However, a number of challenges have surfaced over the years because the law does not address a number of issues. Mr. Clarke said it took eight years for Cascade to be recognized as a governmental agency and not a nonprofit organization. It took four to five years for the Washington State Department of Health to recognize Cascade as a water purveyor. Similarly, it took approximately 10 years for the State Department of Ecology and the State Department of Health to agree that Cascade was a municipal organization and could therefore accept grants.

Mr. Clarke described Cascade's collaboration with more than 30 entities statewide to lobby for the change in state law that would enable the creation of governmental entities similar to Cascade. The legislation, defined as a good governance bill, passed the State House and Senate with a total of only three "no" votes.

Mr. Clarke said the Interlocal Contract amendments accomplish the conversion of the Cascade Water Alliance to a joint municipal services authority. The amendments allow Cascade to adopt functions beyond solely water supply by a unanimous vote of all members of the Cascade Board. The amendments also clarify voting procedures, incorporate a number of administrative changes

for overall clarification, and provide a statewide model for similar efforts. Mr. Clarke noted that Clark County is establishing an entity similar to Cascade to govern wastewater services.

Councilmember Davidson, a member of the Cascade Board of Directors, commented that a great deal of work went into drafting the amendments, and he supports the amendments.

Councilmember Chelminiak commended Cascade's efforts to work through the state legislature for this change in law. However, he questioned the rationale for granting essentially a pre-approval for Cascade to go into additional lines of business, given that a unanimous vote of support by Cascade members is needed to add a new function or role. Councilmember Chelminiak questioned whether there were differences of opinion about this concept of "pre-authorization."

Mr. Clarke confirmed that the issue was discussed quite extensively. However, the members ultimately supported the amendment, in part to allow for long-range strategic planning.

Councilmember Stokes expressed support for the proposed amendments and the implications for strategic planning. He believes it will be helpful to set this framework, and the difficult decisions will then be made by the different entities. Mr. Clarke reiterated that this is the only provision that requires a unanimous vote.

Responding to Deputy Mayor Robertson, Mr. Clarke said the requirement for a unanimous vote is in the Interlocal Contract, not in the legislation. Ms. Robertson expressed support for the proposed amendments.

Councilmember Wallace acknowledged that there are benefits to regional approaches. He noted his initial concern about public transparency related to the Cascade Water Alliance, given the absence of directly elected accountability. However, he supports the amendments and the voting requirements related to establishing new lines of business.

Mayor Lee expressed support for the proposed amendments.

Ms. Bennett said the resolution will come back for Council action on a future Consent Calendar.

Mr. Chelminiak noted his general hesitancy to expand government entities.

Councilmember Stokes thanked Chuck Clarke for his former work with the U.S. Environmental Protection Agency (EPA) and his current work with Cascade.

Responding to Mayor Lee, Dr. Davidson noted the update on the King Conservation District in the meeting packet [Page 3-73], which he would like to discuss later.

- (2) Update on County Executive's 2013-2014 King County Wastewater Rate Proposal

Ms. Nichols introduced Pam Elardo, Director of the King County Wastewater Treatment Division, and Tim Aratani, Finance Manager, to provide an overview of the King County Executive's 2013 sewer rate proposal.

Ms. Elardo noted that the sewer rate pays for improving water quality, infrastructure and planning needs, investments in technologies and the environment, controlling industrial waste, and recovering resources from wastewater.

Ms. Elardo described the King County Executive's sewer rate proposal, which reflects a 10.4 percent increase from 2012 to 2014, or a five percent average annual increase in both 2013 and 2014. The 2013 proposed capacity charge is \$53.50, which is an annual increase of three percent.

Ms. Elardo said the monthly sewer rate provides 81 percent of the Wastewater Treatment Division's operating budget, and the capacity charge represents 11 percent of the budget. Ms. Elardo explained that the rates reflect revenues and customer charges, which are slightly higher than estimated; the cost of supplies, labor and benefits; and the repayment of debt related to the capital program.

Responding to Councilmember Wallace, Mr. Aratani said the rate stabilization reserve has enabled King County to defer certain revenue from one year to the next, which allows it to manage rates over multiple years.

Mr. Wallace questioned whether rates will continue to increase over time. Mr. Aratani said that borrowing funds provides the ability to maintain more stable rates over time. Ms. Elardo noted the impact of debt related to constructing the Brightwater Treatment Plant. She briefly reviewed rate options that were discussed with the King County Executive.

Ms. Elardo said the capacity charge was established in 1990 and experienced a fairly large increase in 2003. The intent is to help finance the expansion of the system (i.e., growth pays for growth concept). The Executive's proposal includes a three percent annual increase in the capacity charge for the next five years.

Ms. Elardo summarized that rates for 2013 to 2015 show average annual increases of approximately seven percent. Rate projections for 2016 to 2020 are relatively flat with average annual increases of 0.8 percent. Uncertainties in making rate projections include the timing and amount of recovery of Brightwater disputed costs, bond and investment interest rates, and the return to growth and new connections.

Councilmember Davidson noted that the process has improved in recent years, and now the Metropolitan Water Pollution Abatement Advisory Committee (MWPAAC) reviews and provides input into the rate proposal before it goes to the County Executive's Office.

Councilmember Balducci thanked King County staff for the presentation. She noted citizens' concerns that utilities rates continue to increase. Responding to Ms. Balducci, Ms. Elardo confirmed that a driver of the rates is continued infrastructure investments. The Wastewater

Treatment Division has always focused on asset management and being able to maintain existing infrastructure and to build new facilities as needed.

Ms. Balducci questioned system investments, including projects related to combined sewer overflows (CSO). Ms. Elardo referred to the Ratepayer booklet, which contains a map showing system projects including 14 remaining combined sewer overflow projects. Four major CSO projects are currently under construction design and are included in the proposed rate proposal. Projects beyond the 2013-2014 horizon represent a significant investment, and the County will utilize financing for the construction of all projects through 2030. Mr. Aratani said that, after 2014, the capital program anticipates approximately \$175 million in annual expenditures.

Responding to Mayor Lee, Mr. Aratani said the Wastewater Treatment Division has capital forecasts and financial plans out to 2030, or in some cases, to 2050. When the Division moves forward next year with its three-year update to the capacity charge program, it will incorporate some of the long-term capital charges into the update of the capacity charge methodology.

Ms. Balducci asked staff to comment on CSO projects. Ms. Elardo said King County is a regional provider covering approximately 400 square miles. The older parts of the system, primarily in Seattle, have combined sewer overflows. A significant investment in combined sewers is needed over the next 18 years to comply with state law, and these investments are all in Seattle. She acknowledged that the region pays for those investments.

Ms. Elardo said that King County manages the major trunklines of the wastewater treatment plant system, while cities and sewer districts have their local lines. The City of Seattle has approximately 30 CSO sites in its local system that it needs to upgrade on its own as well.

Dr. Davidson commented that members of MWPAAC would like to reduce borrowing as much as possible in order to minimize the long-term impacts. However, this type of utility is always growing in size and will always need ongoing repairs and replacement. Dr. Davidson said the effective management of combined sewer overflows is a significant environmental issue.

Councilmember Wallace observed that the capacity charge affects areas outside of Seattle where most of the new homes are built. While this charge is based on the concept of growth paying for growth, costs related to Seattle's CSO infrastructure are spread throughout the entire region. Ms. Elardo confirmed this understanding.

Deputy Mayor Robertson observed that the proposal and projections reflect relatively large rate increases. Rates increase by 36.4 percent from 2011 to 2018. Mr. Aratani reiterated that the annual rate increases are smaller beyond 2015. In further response, Mr. Aratani confirmed that rate increases from 2008 to 2015 are due primarily to debt repayment for the Brightwater Plant.

Responding to Ms. Robertson, Mr. Aratani said that national wastewater rates increase an average of five percent annually. In further response, Ms. Elardo acknowledged that this area's rates are in the top third of the nation's utility rates.

Responding to Deputy Mayor Robertson, Mr. Aratani said that more than 55 percent of the annual budget is debt service. Ms. Robertson said that the MWPAAC Board has recommended that the Wastewater Treatment Division restructure its operating principles to reduce debt. She questioned the Division's plans to bring the debt under control.

Mr. Aratani said that, between now and 2014, the Division cash finances approximately 20 percent of its capital project. Post 2014, there should be a significant increase in the percentage that is cash financed, which means the Division will borrow less money. At that time, debt service is expected to decline to approximately 40 percent of the annual budget. The Division is working with financial advisors to determine a better way to manage long-term rates and debt levels.

Ms. Robertson suggested it would be helpful to adopt financial policies to address the issue. Ms. Elardo reiterated that the Division is working to reduce the percentage of debt over the long term.

Ms. Robertson questioned how the capacity charge compares to the rest of the country. Mr. Aratani said that not all utilities have new connection charges. Ms. Robertson questioned whether King County has studied the impacts on housing growth. She would think it is a fairly significant deterrent to the development of new homes.

Noting that the rate projections assume the worst-case scenario related to the Brightwater Plant construction litigation, Ms. Robertson questioned whether the Division is considering impacts related to the Duwamish River and to CSO facilities.

Ms. Elardo said the Division has a capital plan for CSO projects. Costs related to the Duwamish River are fairly predictable, and the impacts are reflected in the future rates. On the other hand, impacts related to the Duwamish Superfund site are very complicated and depend on the mitigation to be required by the U.S. EPA and on the wastewater component. The wastewater component is expected to be relatively small, given the number of parties involved in that case. Ms. Elardo said that King County and others (Port of Seattle, City of Seattle, and The Boeing Company) have taken early actions to reduce the risk in the Duwamish River by half. Ms. Elardo said it would be helpful to have input from Bellevue and other cities, even if they are not adjacent to the Duwamish River, because required mitigation will affect the entire region's economy and environment. Responding to Ms. Robertson, Ms. Elardo said the Duwamish Superfund Site impacts are not figured into the rate estimates.

Responding to Councilmember Chelminiak, Mr. Aratani confirmed that the Division's debt is not solely related to the Brightwater project. He further confirmed that the Division has completed numerous projects in Bellevue including the Bellevue Pump Station upgrade, Influent trunk parallel, Sunset Pump Station, Coal Creek syphon and trunk parallel, Factoria Pump Station and trunk diversion, and Eastgate parallel pipe storage.

Continuing, Councilmember Chelminiak questioned how much of the Brightwater project's costs are covered by the capacity charge. Mr. Aratani said Brightwater is considered new capacity and

a growth-related cost. Revenue from the capacity charge and sewer rate revenue associated with that growth are intended to cover 95 percent of all growth-related costs incurred by the Division. Ms. Elardo confirmed that the capacity charge applies to both multifamily and single-family residential development.

Councilmember Wallace suggested that King County consider providing the option for a partial upfront payment with remaining financed payments, versus providing only the options of paying the total charge upfront or financing the total amount.

Mr. Wallace further suggested: 1) Scaling the capacity charge to the size and affordability of the home, and 2) Establishing a link between the capacity charge and the use of the system (i.e., sewage generated). He noted that newer homes tend to have water-conserving fixtures.

Responding to Dr. Davidson, Ms. Elardo confirmed that the Residential Customer Equivalent (RCE) volume-based charge is applied to single-family residential, multifamily, commercial and industrial customers.

Councilmember Stokes commented on the importance of the wastewater utility and infrastructure for quality of life, economic development, and environmental protection. He feels this region does a good job overall with wastewater treatment services. That said, Mr. Stokes said he shares the concerns about the high level of debt service.

Mayor Lee thanked the King County staff. He questioned the percentage of debt carried by other utilities. Mr. Aratani said it is difficult to achieve an apples-to-apples comparison due to the type of system and services offered by King County. However, the Division is trying to conduct a better analysis and comparison. Ms. Elardo noted that the Division is highly rated by bond agencies and she takes fiscal responsibility very seriously.

### (3) Animal Control Services Update

Mr. Sarkozy opened discussion on animal control services.

Sheida Sahandy, Assistant to the City Manager, noted that the Final Proposed Interlocal Agreement with King County for animal control services has been distributed to the participating cities, including to Bellevue City Councilmembers the previous week.

Ms. Sahandy referred the Council to the meeting packet and highlighted the few changes to the agreement since the last discussion with the Council. The cities of Kirkland and Shoreline have indicated their intent to remain in the regional model, which decreases overall costs for participating cities. King County has agreed to keep each city's Estimated Total Animal Services Cost Allocation stable at the estimated 2013 levels for 2014 and 2015. However, she noted there are certain costs that could increase related to population growth and/or annexations.

Ms. Sahandy explained that one revenue option that has been discussed is a King County animal control services levy. If this is pursued by the County, the Interlocal Agreement provides for a

reopener of the contract to discuss costs and revenues no later than 60 days before the King County Executive transmits a levy proposal to the County Council. The discussions would focus on determining the equitable use of levy revenues if a levy is approved.

Ms. Sahandy noted a table beginning on page 3-18 of the meeting packet that compares the current Interlocal Agreement with the proposed Agreement. Page 3-21 provides the most recent cost estimates for the regional model, a five-city subregional model, and a Bellevue-only system. The regional model has the lowest four-year total expenditures due to the startup costs that would be required for the other two models. Page 3-23 summarizes the positive and negative aspects of each model.

Ms. Sahandy referred to the representative from the Seattle Humane Society who spoke during oral communications earlier in the evening. With regard to being an open shelter, Ms. Sahandy said King County accepts all species. The Seattle Humane Society accepts dogs, cats, and other small domestic pets such as hamsters, but does not accept birds, reptiles, and exotic animals. Ms. Sahandy noted the term sheet from the Seattle Humane Society which indicates that the organization will discourage the use of owner surrenders to animal control practices.

Ms. Sahandy said one proposal involved citizens paying a fee at Bellevue City Hall before going to the Seattle Humane Society shelter to pick up an animal. Staff determined that this was not consistent with the level of service the City wants to provide to the community, and therefore that revenue was not included in the cost estimates. Referring to the speaker from the Seattle Humane Society, Ms. Sahandy confirmed that the King County shelter is open 37 hours per week, which is fewer hours than the Seattle Humane Society. However, the King County system has a 24-hour, on-call service for emergencies and lost pets.

Responding to Councilmember Stokes, Ms. Sahandy confirmed that Option 3 for the Council's consideration directs staff to remain in the regional system and to also move forward to establish a Subregional System that would begin providing services January 1, 2016. This would allow funding to be added to the budget to support the work required for setting up a Subregional System.

Responding to Councilmember Chelminiak, Ms. Sahandy reiterated that there would be a contract reopening if King County moves forward with a levy measure. The purpose would be to discuss and negotiate terms for the equitable distribution of levy proceeds. Bellevue would be allowed to leave the regional system only if the levy passes. However, it would not be to the benefit of the City or its residents to do so under that scenario.

Dr. Davidson said it would be beneficial if the City could discuss the potential for a levy with the King County Executive before he makes a decision about recommending a levy to the County Council.

Deputy Mayor Robertson acknowledged that the levy is a wild card in this process. Ms. Sahandy said she was told by legal staff that the County has the authority to levy the entire county, even if



cities provide their own animal control services. Ms. Robertson said this is alarming, especially since Bellevue taxpayers pay more in property taxes to King County than they do to the City.

Ms. Robertson said the issues for her are: What is the better approach for serving citizens? What is best for the animals in terms of quality of care? What is better for the City's financial bottom line? She questioned the feasibility of a one-year bridge contract instead of the three-year Interlocal Agreement.

Ms. Sahandy said King County is not interested in an approach that would expose the system to the uncertainty of what might happen in one year. The County does not want to negotiate individually with any of the cities.

Mayor Lee expressed concern about the potential levy as well, and about the possibility of Bellevue residents paying taxes to support a King County levy, even if Bellevue is already paying for animal control services through the Interlocal Agreement. Mayor Lee said he would like the City to have the opportunity to opt out of the regional model whether a levy passes or fails.

Councilmember Stokes commented that stability is important. He believes it is better to have a three-year agreement as opposed to a one-year contract. However, he would like to make it clear to the County that Bellevue expects results and expects to be at the table. He commended staff for their work on this topic, and expressed support for staying with the King County regional system.

Councilmember Wallace said he believes the best long-term solution is a subregional approach. However, more time is needed to develop a Subregional System and partners. He likes aspects of the Seattle Humane Society's proposal, but believes it is most beneficial to stay with King County for now.

Councilmember Balducci commented on past discussions and decisions about whether or not to join into regional partnerships. She noted NORCOM and the City's decision to stick with King County for municipal court services. She acknowledged that any new effort has risks. She believes that the current proposal with King County is much better than the current contract. It includes a better rate structure based largely on usage, which is favorable to Bellevue. Ms. Balducci expressed support for the agreement that has been negotiated.

Councilmember Chelminiak agreed that the terms of the proposed contract are favorable, but he expressed concern about the implications of a potential levy. He likes the option of beginning to talk to partners about getting out of the King County system in the future. He believes it is fundamentally wrong to use a levy to fund animal control services. He observed that it might make sense for King County to partner with the Seattle Humane Society.

Councilmember Chelminiak said he is leaning toward Option 3 as outlined in the meeting packet, which is entering into the new contract with King County and working toward establishing a Subregional System to begin providing services on January 1, 2016.

Deputy Mayor Robertson said she also favors Option 3. She does not believe there is sufficient time to establish a Subregional System now, but supports moving toward that. She suggested it might be feasible to have different agreements for different services in the future. She thanked staff for negotiating a favorable contract with King County.

Councilmember Davidson supports entering into the proposed King County contract. He said he is having trouble with option 3 as a directive, because he thinks staff could continue to explore the subregional model without a directive of that nature. He is concerned about the potential for a levy, and suggests talking with the County Executive before he makes a recommendation to the County Council about a levy.

Mayor Lee said he primarily agrees with Councilmember Balducci. He believes the County Executive has worked well with the cities to establish a favorable contract proposal. He likes the idea of a Subregional System but realizes that the City does not have the money or time to establish a new system right now. He is inclined to support Option 1. However, he believes the City should continue to talk to the County about the potential for a levy and to communicate that the City does not want to be locked into the agreement if a levy is passed.

Councilmember Chelminiak suggested modifying Option 3 by authorizing staff to move forward with discussions with other cities about their interest in a future Subregional System, without having to definitively declare at this point that Bellevue will begin operating its own system in 2016.

Councilmember Stokes expressed support for entering into the proposed King County contract, while also exploring the subregional model further as suggested by Mr. Chelminiak.

Deputy Mayor Robertson observed that all Councilmembers support continuing with King County at this point. She concurred with Mr. Chelminiak's suggestion to continue to explore the subregional model by identifying funding to support this work in the upcoming budget. If the Subregional System is ultimately pursued, she suggests beginning to establish agreements with other cities in two years, which is 18 months before the next contract ends.

Mr. Sarkozy noted that the Mayor and Deputy Mayor asked earlier in the day if the City could get a definitive answer from the County on the levy implications. Mr. Sarkozy said staff will provide an update on that issue as soon as possible.

Councilmember Wallace suggested talking to City of Kirkland staff to gauge their interest in adopting the same three-year bridge option. Ms. Robertson suggested that Mercer Island and Newcastle might be interested as well.

#### (4) King Conservation District

Ms. Nichols recalled that the King Conservation District encountered a problem with its assessment based on a Mason County court decision that invalidated the Mason County

Conservation District's assessment collection method. The King Conservation District's assessment is collected in essentially the same manner. As a result, the District is collecting but not spending the 2012 assessment because it might have to be returned or credited to taxpayers.

Ms. Nichols explained that the Water Resource Inventory Area (WRIA) agencies are traditionally funded by the King Conservation District assessment but will not receive their allocations this year. The agencies formerly received approximately \$3 million annually from the KCD assessment.

Continuing, Ms. Nichols explained that the King County Flood Control District operates under a broad statute that allows it to expend up to 10 percent of its property tax assessment on watershed-type and water quality activities. The Flood District Board recently voted to take \$3 million from its reserves to fund the WRIAs for 2012 only. This has raised the broader issues of the appropriate way to fund WRIAs, the appropriate KCD assessment level, and the appropriate role, if any, of the King County Flood Control District in this matter.

Ms. Nichols said a regional meeting is scheduled for June to allow all stakeholders to discuss these issues and potential alternatives. City staff and Councilmember Davidson will participate in these discussions.

Responding to Councilmember Chelminiak, Ms. Nichols said there has not been any statement about whether or how the reserves would be replaced. She said it is unlikely that the KCD's past method of collecting assessments will be allowed to continue. However, the ultimate disposition of that matter will likely be resolved through an interlocal agreement between the King Conservation District and King County. Mr. Chelminiak said he would not want the Flood District's reserves to be used but not replaced with future assessments.

Dr. Davidson agreed that it would be appropriate for the King Conservation District to repay the Flood Control District if the reserves are used. He noted that the Flood Control District is essentially controlled by the King County Council.

At 9:04 p.m., Mayor Lee declared a short break.

The meeting resumed at 9:12 p.m.

- (c) East Link: Initial Findings of the Collaborative Design Process Cost Savings Effort

Mr. Sarkozy opened discussion regarding the initial findings of the collaborative design process for identifying cost savings in the East Link light rail project.

Transportation Director Dave Berg noted that tonight's presentation is the same information that was presented to the Sound Transit Board the previous week.

Ron Lewis, East Link Executive Director for Sound Transit, reviewed the East Link project timeline, noting that final design will continue for the next few years. Submittal of the 60-percent design is scheduled to occur by the end of 2013.

Mr. Lewis described the schedule related to the Memorandum of Understanding (MOU) between the City and Sound Transit and the work to identify and analyze cost-saving ideas for the East Link alignment through Bellevue.

Mr. Berg described the MOU financial contribution. The City committed to a \$100 million up-front contribution in the form of City-owned property and low or no-cost contributions, including real property and contributions that serve multiple purposes. The second component is a contingent contribution of up to \$60 million to be applied to tunnel construction costs. Reducing or eliminating this contribution is the focus of the current cost-savings effort.

Mr. Berg explained that maintaining the project schedule is key in maintaining and controlling costs. Identifying cost savings is an ongoing objective throughout the duration of the project, and savings can potentially be achieved through efficient project delivery. The cost-savings work assumes that the mitigation of negative impacts will not be compromised.

Mr. Berg said the Cost-Savings Report will be published for distribution before the June 5 East Link project open house. The report will outline a number of evaluation criteria for comparing cost-saving options including risks and impacts related to rail operations, ridership, traffic mobility, noise, and the environment. In late June, the City and Sound Transit will identify the specific ideas to advance for further development. Additional design and environmental review will proceed as needed beyond June.

Mr. Lewis reported that more than 200 individuals attended the April 26 open house held by Sound Transit at Bellevue City Hall. He noted that multiple stakeholder briefings are ongoing. The June 5 open house will be held at City Hall, 4:00 p.m. to 7:00 p.m.

Mr. Lewis described a meeting with 30 or more Surrey Downs residents. He said they are seeking clarity and transparency in the process of vetting the cost savings options, and they want the opportunity to share their perspectives with staff and the Council. Residents are interested in keeping SE 4<sup>th</sup> Street open, eliminating the light rail flyover of 112<sup>th</sup> Avenue SE, moving the South Main Station to the north, and accelerating property acquisitions. Mr. Lewis said that refining the cost-saving design options will help Sound Transit to move forward with regard to property acquisitions.

Bernard van de Kamp, Assistant Transportation Director, described ideas that have been advanced for further engineering review. These include tunnel design optimization, tunnel station design optimization, elevated guideway design, reduced stormwater vaults through the use of low-impact development design, and expedited tunnel construction through additional temporary road closures.

Responding to Deputy Mayor Robertson, Mr. van de Kamp confirmed that the amount of cost savings for each design modification could be affected by design modifications to other components. When the Council makes its decision and recommendation in June, she noted the need to consider whether conflicting modifications should or will be advanced.

Councilmember Stokes observed that certain combinations of design modifications could perhaps enhance the anticipated cost savings as well.

Councilmember Wallace referred back to the evaluation criteria listed for assessing and comparing the cost-savings options, and noted that construction impacts were not on the list. Mr. Berg said that traffic mobility is listed as one of the evaluation criteria.

Mr. Wallace said that Sound Transit's cost estimates are not considering the economic impacts to Bellevue businesses during the construction period. Mr. Wallace said it is important to consider economic impacts, for example, during the holiday shopping season.

Mr. Chelminiak cautioned against realizing cost savings for the East Link project that trigger spending on other projects.

Moving on, Mr. van de Kamp described a map of cost-saving ideas and projects considered within the context of the MOU. He described a concept to leave the Winters House where it is today, and to shift Bellevue Way to the west. Light rail would run at grade, which is more cost effective than the trench identified with the current alignment.

Responding to Mr. Chelminiak, Mr. van de Kamp said shifting Bellevue Way to the west takes advantage of the more stable ground and moves light rail away from the Winters House.

Councilmember Wallace said he is surprised that this saves only \$5 million based on the cost of that segment. Mr. Berg said these concepts are at barely a five-percent design level, and costs and details will continue to be refined. Mr. Lewis said the option involves a great deal of grading, roadway, and retaining wall work, which affects the overall cost savings.

Responding to Councilmember Stokes, Mr. van de Kamp said the major advantages of this option in terms of costs are the better soil quality, fewer risks, and reduced impacts to the Winters House. However, it does involve cutting into the hillside, related property acquisitions, and potentially increased noise impacts by moving the rail from a trench to street level.

Mr. van de Kamp described an option to retain the current alignment but to raise the rail up to street level and to relocate the Winters House approximately 50 feet to the east. The estimated cost savings is \$3 million to \$6 million. Less cost savings is anticipated if the house is also moved to the south.

Mr. Chelminiak observed that it seems like moving the Winters House would have greater cost savings than all of the work associated with moving Bellevue Way to the west. Mr. van de Kamp said the house is relatively fragile, difficult to move, and involves wetlands and less stable soil.

Moving to the Surrey Downs area, Mr. van de Kamp described an option along 112<sup>th</sup> Avenue SE that would eliminate the trench segment, close SE 4<sup>th</sup> Street, and instead open SE 8<sup>th</sup> Street for neighborhood access. This would extend the elevated section of the alignment to the north. He noted that Surrey Downs residents are not in favor of this option.

Mr. van de Kamp described Downtown Station options and cost-saving ideas. Eliminating mezzanines in the underground station would reduce costs. However, more roadway would be needed to line up the entrances to the tunnel.

Mr. van de Kamp described an option for a stacked tunnel, which has a higher cost savings potential than the first option. Responding to Councilmember Stokes, Mr. van de Kamp said a component of the cost savings relates to the lesser volume of soil to be removed.

Mr. van de Kamp described an option to relocate the Downtown Station to NE 6<sup>th</sup> Street. The cost savings potential is \$10 million to \$17 million. A similar option, with a higher cost savings (\$14 million to \$23 million), has a diagonal alignment across the Metro site adjacent to City Hall. However, the latter option raises other issues for the City Hall site.

Mr. Chelminiak said this is an example of what he referred to earlier, the potential for cost savings in the East Link project which results in increased costs for other projects or uses. He expressed concern about impacts to the Police parking garage and facilities.

Responding to Mr. Chelminiak, Mr. Sarkozy said if the Metro site is purchased, the City would need to use a portion of the property to restore City Hall's parking capacity and to potentially increase parking capacity for Meydenbauer Center. The top of the parking garage could be constructed as a plaza and/or green space. In the Downtown Implementation Plan, the site was identified as a green node.

→ At 10:00 p.m., Deputy Mayor Robertson moved to extend the meeting to 10:15 p.m. Councilmember Wallace seconded the motion.

→ The motion to extend the meeting carried by a vote of 7-0.

Deputy Mayor Robertson commented on the place-making potential of the NE 6<sup>th</sup> Street station option.

Councilmember Balducci said she has mixed feelings about the station options and is most interested in gaining a sense of costs and benefits for advancing different options into final design, which is the decision facing the Council. She noted that the NE 6<sup>th</sup> Street option looks favorable from an aerial view. However, from street level it will be an elevated station on the edge of the Downtown.

Ms. Balducci is interested in carrying more than one design alternative forward for further engineering work, and questioned whether that is realistic. She said it would be helpful to know

the cost of carrying design work for specific options to the 60-percent level. Ms. Balducci observed that considering an elevated station raises the issue of also considering a street-level station.

Mr. Chelminiak believes that the artist rendering is not accurate as to how the station would look. He anticipates at least a four-story elevated structure and parking garage. He said the drawing reflects a nice green space, and he does not think that would be the case.

Councilmember Stokes said he would like to avoid a huge, unsightly concrete portal next to Meydenbauer Center. He believes that at least two options for the Downtown Station should be studied.

Continuing, Mr. van de Kamp noted the following ideas found to not have cost savings upon further review: 1) Retained cut from Main Street to NE 2<sup>nd</sup> Street, and 2) Side-running alignment on NE 16<sup>th</sup> Street.

Councilmember Davidson said he remains interested in the deep-bored tunnel approach from I-90 to the Downtown, which would avoid environmental and other impacts. He believes the City and Sound Transit should pursue further study of that option.

Mr. Berg reviewed the next steps. The Cost Savings Report will be published on June 5, which is the same day as the open house event. The Sound Transit capital committee will finalize its recommendation on June 14, and the City Council will finalize its recommendation on June 18. The City Council will have the opportunity for further discussion on June 11. The Sound Transit Board anticipates endorsing specific cost-saving ideas for further review during its June 28 meeting.

Councilmember Balducci expressed an interest in even a ballpark cost estimate for a deep bored tunnel from I-90 to Downtown.

Councilmember Wallace said he is highly skeptical that the cost savings for the design option are not larger. He suspects that the estimates are based only on construction costs and do not include the generous contingencies associated with the adopted alignment's cost estimates. He said the Council needs to be able to consider a menu of cost-saving options that add up to \$60 million or more, and to advance those options for further study.

Mr. Wallace said there has not been any discussion with the Council about how Sound Transit anticipates building a tunnel under the second busiest arterial in the Downtown over a course of years and holiday shopping seasons. With regard to neighborhoods, Mr. Wallace said the noise and visual impacts are the critical piece of the cost-saving options. He does not see how any decision on options can be made without considering impact mitigation.

Councilmember Chelminiak observed that the potential \$60 million contingent contribution is down somewhat already.

Councilmember Stokes said it will be necessary to know the true costs and savings.

Deputy Mayor Robertson asked City staff to provide information on any East Link project changes that affect other City capital projects and expenditures.

At 10:17 p.m., Mayor Lee declared the meeting adjourned.

Michelle Murphy, MMC  
Deputy City Clerk

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