

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Study Session

February 3, 2014  
6:00 p.m.

Council Conference Room  
Bellevue, Washington

PRESENT: Mayor Balducci, Deputy Mayor Wallace<sup>1</sup>, and Councilmembers Chelminiak, Lee, Robertson, Robinson, and Stokes

ABSENT: None.

1. Executive Session

Deputy Mayor Wallace opened the meeting to order at 6:01 p.m., and declared recess to Executive Session for approximately 45 minutes to discuss one item related to labor strategy.

The meeting resumed at 6:51 p.m., with Mayor Balducci presiding.

2. Study Session

(a) Confirmation of Outcomes to be Utilized in 2015-2016 Budget Preparation

Acting City Manager Brad Miyake opened staff's presentation regarding the 2015-2016 Budget and 2015-2021 Capital Investment Program (CIP) Plan.

Finance Director Jan Hawn provided an overview of the Budget One process, calendar, and major milestones.

Ms. Hawn said budget workshops will be held in March and late July. Public hearings are scheduled for May, July and October.

Ms. Hawn said staff recommends using the same outcomes reflected in the previous two-year budget: 1) Safe Community; 2) Improved mobility; 3) Economic growth and competitiveness; 4) Innovative, vibrant and caring community; 5) Quality neighborhoods; 6) Healthy and sustainable environment; and 7) Responsive government.

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<sup>1</sup> Deputy Mayor Wallace left the meeting at 7:23 p.m. and returned for the later 8:00 p.m. Regular Session.

Councilmember Lee commented that this will be a busy year and budget process. He said it will be important to talk about the Council's vision. He would like to have a community discussion beyond the usual budget survey.

Mr. Lee expressed support for the existing outcomes. However, he has been suggesting, for the past couple of years, that he would like to have a community visioning process to guide the development of the budget. Mr. Lee wants to ensure that the public and the Council are on the same page.

Councilmember Stokes spoke in favor of continuing with the outcome areas used for the previous budget.

Councilmember Robertson expressed support for continuing with the same outcomes. Ms. Robertson would like to have the Council's budget calendar and major milestones posted on the City's web site. She suggested also listing public hearings and opportunities for commenting during Bellevue's Board and Commission meetings.

Ms. Robertson said she would like to take a look at economic development funding during the budget process. With regard to public safety (Police, Fire, EMS), she would like an evaluation of the services and the policies that affect those services. A few weeks ago the Council received an email from Police staff stating the department's policy to not investigate shoplifting or any thefts under \$10,000. She does not recall making that policy decision and would like to discuss it.

Ms. Robertson would like an analysis of when it is more cost effective to add in-house employees versus hiring consultants. She would like an evaluation of all City memberships, as discussed earlier last year when the City joined the U.S. Conference of Mayors.

Mayor Balducci reminded the Council that this is just the beginning of the process. There will be many opportunities to discuss the budget beginning with the Council retreat in late February.

Councilmember Chelminiak expressed support for continuing with the same budget outcome areas. He said the change to the Budget One process a few years ago was a good opportunity to reevaluate the budget and allocation process. However, he observed that while outcome areas reflect cross-departmental objectives and priorities, the budgets remain organized by department.

Mr. Chelminiak said it would be helpful to have a briefing on where we are on those department functional budgets, the funding impacts of the recession, and whether certain budget reductions need to or should be restored. He said the City does a good job on performance measures. However, he would like to see a report that ties specific performance measures to the Budget One outcome areas.

Mr. Chelminiak would like to develop Council goals during the retreat discussion while it is still early in the budget process.

Councilmember Robinson expressed support for the outcomes. Under the Innovative, Vibrant and Caring Community outcome, she would like to add language regarding arts and culture. Under the Economic Growth and Competitiveness outcome, she would like to add tourism. Under Responsive Government, she would like to add mention of equitable access (i.e., geographic, cultural, language, social, and ability) to local government.

Deputy Mayor Wallace concurred with Councilmember Lee's suggestion about seeking increased public engagement in the budget process. Mr. Wallace shares Councilmember Robertson's interest in analyzing the use of in-house versus consultant staff. He supports the outcome areas. However, with regard to the Healthy and Sustainable Environment outcome, he noted that this section refers largely to utilities. While those are considerations with regard to the environment, he observed that utilities services are a self-contained business function. He suggested that they be considered separately from the Healthy and Sustainable Environment outcome.

Mr. Wallace noted that none of the outcomes cover the forecasting of revenues and reserves, appropriate reserve levels, medical expenses, and pension expenses. He would like to discuss those topics further.

Mr. Wallace questioned the plan for sizing the funding levels of each outcome. Ms. Hawn said staff will begin the process using the current budget and outcome allocations. The Council will begin its discussions and make decisions from that point forward. Mr. Wallace said he would like to discuss the appropriate size of each outcome's total funding.

Deputy Mayor Wallace would like to understand which of the expense items impact sales, property, B&O, and utilities taxes. He said the Council needs to be able to understand where it is pushing the limits of the City's tax revenue.

Mr. Wallace would like a comparison of actual to budget figures for the last budget cycle. Ms. Hawn said that information will be available for the March budget workshop.

Mr. Wallace recommended the most data-driven decision making as possible, especially with regard to staffing levels and comparisons to other cities.

Mayor Balducci said she heard unanimous support for the seven outcome areas. She heard suggestions from Councilmember Robinson about possibly addressing the definitions of some of the outcome areas to be more inclusive of arts and culture and accessible government.

Ms. Balducci said she shares Mr. Lee's interest in thinking about how to enhance public engagement. She does not believe it is realistic to be able to develop a strategic plan while going through the budget process. However, she suggests expanding on presentations and interactions with business groups, neighborhood groups, and other stakeholders.

With regard to the outcome areas, Ms. Balducci said she believes that addressing the way we categorize the utilities will provide greater transparency and demonstrate the City's environmental protection activities within and outside of the realm of utilities services.

Mayor Balducci expressed support for trying to think about how the City ties specific budget investments back to actual demonstrable outcomes. For example, what is a safe community and how can that be demonstrated? She concurred with Mr. Chelminiak's suggestion about engaging in goal setting during the Council retreat.

[At 7:23 p.m. Deputy Mayor Wallace left the meeting, indicating that he would return for the Regular Session.]

(b) ARCH 2014 Work Program and Budget

Mr. Miyake opened staff's update on the 2014 ARCH (A Regional Coalition for Housing) work program and budget.

Dan Stroh, Planning Director, said the ARCH budget and work program are discussed with all member cities on an annual basis. He noted that the City's obligation to the 2014 ARCH work program is already included in the City's 2013-2014 budget.

Responding to Councilmember Lee, ARCH Program Manager Arthur Sullivan said the request for funds for one of the staff positions restores the staffing level of five years ago. The person was able to remain on ARCH's payroll for the past several years because the Puget Sound Regional Council (PSRC) was able to share in the costs of that position through the Growing Transit Communities work. The ARCH Board would like to restore the position to working 100 percent for ARCH.

Councilmember Robinson said she would like more information on the multifamily property tax exemption as a Study Session item. Mayor Balducci expressed an interest as well. Mr. Miyake said staff will bring back more information in March.

Mr. Stroh said ARCH is holding a workshop during the first week of March regarding the multifamily tax exemption and a number of other affordable housing tools. The date has not yet been set, but it is targeted for the first Wednesday or Thursday in March.

Councilmember Chelminiak expressed support for the work program and said he also is interested in more information on the multifamily tax exemption.

Mr. Chelminiak said the Eastside Human Services Forum would like to find a solution to the annual task of locating a men's winter shelter. He hopes to see ARCH cities working with the Forum to address that need.

Mr. Chelminiak questioned the reference to developing an innovative housing ordinance for the neighborhood business properties in the Newport Hills commercial center.

Mr. Stroh said that is a potential item for the work program. When different concepts for redeveloping neighborhood centers were studied, one idea analyzed and discussed with the Newport Hills community was a mixed use development that might include housing. There is nothing moving forward at this point but, if it moves forward, it would be helpful to have ARCH involved in that issue.

Mayor Balducci said that, as the Council sets its work program for the year, there is the need to address a fairly extensive code amendment work plan. She wants to be sure the Council has the capacity to address its top priorities.

Councilmember Robinson would like a study of whether more independent living developments for senior adults, like Silver Glen, are needed in Bellevue. Mr. Sullivan said that one of the first places that issue will come up is with the next Comprehensive Plan update.

Responding to Councilmember Lee, Mr. Sullivan said Silver Glen is a limited-equity coop, which is not a prevalent housing model on the West Coast.

Responding to Councilmember Robertson, Mr. Sullivan confirmed that language in ARCH's documents about transit-oriented development (TOD) does not apply to the South Bellevue Park and Ride/Light Rail Station or west of 112<sup>th</sup> Avenue. Mr. Sullivan clarified that ARCH works within each city's plans and zoning. Mr. Stroh said ARCH does not have its own agenda for individual cities but works in partnership with them.

Councilmember Stokes said it would be helpful if the ARCH budget and work program were integrated into one document.

Mr. Stokes observed that the current issue in Bellevue regarding multiple room rentals in residential homes highlights the need for more housing options. He thanked staff and said he looks forward to continuing to work together.

Mayor Balducci said a new Puget Sound Regional Council (PSRC) work group is forming to study the potential for a revolving trust fund for transit-oriented development (TOD) and affordable housing.

Ms. Balducci suggested that the Council needs to talk about student housing this year as well.

(c) Housing Fund Allocations Recommended by ARCH

Mr. Stroh said the ARCH Board recommends funding for three projects. All include funding from multiple ARCH cities. Bellevue's contribution is included in the Housing Trust Fund of the City's 2013-2014 budget.

Mr. Sullivan referred the Council to ARCH's recommendation beginning on page SS 2-51 of the meeting packet. He highlighted the three projects recommended by the ARCH Board for

funding: Friends of Youth extended foster care housing, Habitat for Humanity Sammamish cottage demonstration project, and Providence Health and Services Redmond Senior Apartments. Five applications were received. The Friends of Youth and Habitat projects are on land donated by member cities.

Mr. Sullivan referred to page SS 2-65 of the meeting packet for a table listing the proposed contributions from each ARCH city to the three projects. A table on page SS 2-67 shows the additional funding sources.

Mr. Sullivan highlighted pages SS 2-73 and 2-74, which list all ARCH projects funded since 1993. He noted ARCH's mission of providing housing of all types - family, senior, homeless, and special needs populations.

Responding to Councilmember Robinson, Mr. Sullivan said PACE (Program for All-inclusive Care for the Elderly) is an established component of the Providence Redmond Senior Apartments project. Participants must be Medicaid-eligible, and the program is intended to assist senior adults to enable them to stay in their homes.

Responding to Councilmember Lee, Mr. Sullivan said the City of Sammamish is eager for the Habitat for Humanity project to move forward. ARCH offered to provide half of the infrastructure costs if Habitat for Humanity could raise the other half through fundraising, and Habitat was agreeable to that condition.

In further response, Mr. Sullivan said the Providence project might involve a loan through ARCH. Habitat for Humanity functions a little differently and their money stays in projects as long as the units remain affordable. ARCH is providing a grant to the Friends of Youth project, which is a relatively low cost project.

Councilmember Stokes said he is excited to see the Friends of Youth extended foster care project. Mr. Sullivan said Friends of Youth has been doing all of the work to pull the project together, and ARCH is happy to be one piece of that project.

Mayor Balducci said she and other Councilmembers attended the groundbreaking of the LIHI (Low Income Housing Institute) project at Bellevue Apartments in the Downtown. She said the Council looks forward to adopting the ARCH recommendations when they come forward for Council action.

At 7:53 p.m., Mayor Balducci declared recess to the Regular Session.

Myrna L. Basich, MMC  
City Clerk

/kaw