

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

January 13, 2014
6:00 p.m.

Council Chambers
Bellevue, Washington

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

ABSENT: None.

1. Executive Session

At 6:01 p.m., Deputy Mayor Wallace called the meeting to order and declared recess to Executive Session for approximately 30 minutes to discuss two items of property acquisition.

The meeting resumed at 6:29 p.m., with Mayor Balducci presiding.

2. Oral Communications

- (a) Alex Zimmerman, StandUP-America, expressed concern that the timer does not show the amount of time speakers have remaining. He said StandUP-America would like the City Manager to have monthly question and answer sessions with citizens to make government business more productive. He observed that the Council will not approve this because attorneys and Chinese communists do not have experience with business. He has been a businessman his entire life.

Mayor Balducci asked that Mr. Zimmerman not make disparaging comments about any individual's ethnicity.

Mr. Zimmerman said the former Seattle Mayor met with citizens every two weeks. He said most citizens do not believe in government. He spoke against the use of red light cameras, which he compared to racketeering.

- (b) Todd Woosley, Hal Woosley Properties, said he is a Board Member of the Eastside Transportation Association which is dedicated to improving mobility and reducing congestion. He reminded the Council of the importance of maintaining a focus on roads as well as transit services. He said car trips represent 84 percent of all trips, and data from King County shows that Metro will receive record revenues in 2014. Mr. Woosley

encouraged an understanding of the tax versus expenditure ratio. He said that, in the past, Bellevue was receiving approximately 17 percent of service expenditures while paying 35 percent of the taxes. Referring to staff's transportation modeling, Mr. Woosley questioned the assumption that parking rates will be significantly higher in Bellevue in the future and that all retail centers will be charging for parking. He noted testimony to the Planning Commission by the owner of a major retail establishment that his company will never charge for parking.

- (c) Melody Salcedo, Campus Life and Events Representative of the Associated Student Government, Bellevue College, expressed concern about proposed reductions to Metro bus service including re-routing buses farther away from the college. She said many students rely on buses to and from school. The proposed re-route discourages students from seeking alternatives to single-occupancy vehicles and raises issues regarding student safety and transit accessibility.
- (d) Alex Clark, Environmental and Social Responsibility Representative of the Associated Student Government, Bellevue College, said that transit service is essential for Bellevue College students. He and others collected 420 signatures during the previous week in support of maintaining needed bus service.
- (e) Deric Gruen, Sustainability Director, Bellevue College, expressed concern about proposed reductions to transit service. He said reduced bus service will increase traffic congestion in east Bellevue, especially along 148th Avenue SE.

3. Study Session

- (a) Council Business and New Initiatives

Mayor Balducci said she represented the City at the opening ceremony for the new Eastside Torah Center on Northup Way.

- (b) Briefing on King County Metro Proposed Service Reductions

Acting City Manager Brad Miyake opened discussion regarding Metro's proposed 17 percent reduction in transit services, which affects 28 of the 33 routes in Bellevue. The King County Executive is contemplating a ballot measure to raise funds to address the budget shortfall and preserve current service levels. Staff is seeking Council feedback on the proposed reductions, staff's counter-proposal, and a draft letter to King County.

Transportation Director Dave Berg said transit usage in Bellevue has increased by 130 percent over the past decade with nearly 20 percent of Downtown commuters traveling via transit. He noted that proposed service reductions will affect both transit and non-transit users due to road impacts.

Victor Obeso, King County Metro, provided a presentation on the service reduction proposal and process. King County Metro Transit issued its 2013 Service Guidelines Report in November

2013. The evaluation indicates that Metro should be growing its system by 15 percent to meet ridership demand.

Mr. Obeso described the service investment priorities of minimizing passenger crowding, maintaining schedule reliability, and maintaining overall service levels. More than 500,000 hours are needed today to ease overcrowding, provide reliable service, and meet ridership demand.

Mr. Obeso described the effect of reduced sales tax collections since the beginning of the recession in 2008. Metro made minor service adjustments but has maintained its overall service levels. He said a temporary congestion reduction charge adopted by the state legislature in 2001 expires in mid-2014. The current budget gap is \$75 million.

Mr. Obeso described transit sales tax collections since 2008 and projected through 2020. He described actions taken by Metro from 2009 to 2013 to reduce its deficit. These included ongoing operational and efficiency actions (e.g., staff reductions, labor contract savings, one-time actions including capital program reductions) and revenue-related actions (e.g., fare increases, elimination of Ride Free area). The ongoing annual savings resulting from these actions is \$148 million.

Mr. Obeso said Metro proposes the reduction of 600,000 hours, which represents 1997 service levels. This includes deleting 74 routes (35 percent of routes) and reducing or revising 107 routes (50 percent of routes). The remaining 33 routes (15 percent) remain unchanged. Mr. Obeso said the reduction in transit service will negatively impact traffic on major highways and freeways in King County. The proposal includes a 13 percent reduction in transit service on the SR 520 corridor. Mr. Obeso described the criteria used for determining changes in service including duplicative service/routes, peak service demand, and performance of target service levels.

Mr. Obeso presented the proposed network in Bellevue. While many routes are reduced or revised, the proposal preserves all-day service and minimizes the loss of coverage.

Mr. Obeso provided an overview of the service reductions process through 2015. Public outreach will continue through February, the King County Council will adopt a final plan by May, and proposed reductions will take effect in June 2014.

Deputy Mayor Wallace referenced the \$20 vehicle tax (temporary congestion reduction charge) that ends in June and questioned how that relates to the loss of 600,000 service hours. Mr. Obeso said that decreased revenues and the loss of the temporary vehicle tax is reflected in the \$75 million deficit, which begins mid-year 2014.

Diane Carlson, representing the King County Executive's Office, said King County has been working with a broad coalition of stakeholders to seek a statewide solution for overall transportation funding, including the local MVET authority. There is hope that the state legislature could still act but the County is running out of time with regard to the requested expansion in local authority. Ms. Carlson said the County is now focusing on the Transportation Benefit District authority that allows the County to charge up to \$100 in vehicle license fees and includes a sales tax component. Some cities in King County have imposed \$20 fees by

Councilmanic action. Ms. Carlson said there are discussions about presenting an April ballot measure.

Responding to Councilmember Stokes, Ms. Carlson confirmed that the ballot measure would direct 60 percent to Metro transit and 40 percent to local governments.

Following up on Mr. Wallace's question, Councilmember Chelminiak questioned how much of the reduction in service hours and/or dollars is attributed to the loss of revenues generated by the temporary \$20 MVET charge.

Responding to Mayor Balducci, Mr. Obeso said the House transportation package from last year contained sufficient funding to provide the 600,000 service hours. However, it would need to be approved by voters as well.

Ms. Balducci observed that the King County Executive is now proposing the Transportation Benefit District as a funding mechanism. Ms. Carlson confirmed that this approach could fund the 600,000 service hours.

Councilmember Chelminiak stated his understanding that preserving the \$20 MVET charge would save only approximately one-third of the 600,000 service hours. Ms. Carlson confirmed that the MVET charge generates approximately \$25 million.

Mayor Balducci said it would be helpful to see a chart of the funding mechanisms and scenarios.

Responding to Councilmember Lee, Mr. Obeso said that, beginning in 2009, Metro began spending down reserves, implementing efficiencies, renegotiating labor agreements, implementing wage freezes and furloughs, and making other operational adjustments. This resulted in a savings of \$148 million annually. The County later implemented its two-year congestion reduction charge to help fund transit.

Councilmember Robertson thanked staff for coming and encouraged them to continue to protect the most productive routes. Responding to Ms. Robertson, Ms. Carlson confirmed that the King County Council will make the final decision on transit services. Responding to Ms. Robertson, Mr. Obeso invited citizens to submit comments via the following King County Metro web pages: metro.kingcounty.gov/future or metro.kingcounty.gov/planning.

Ms. Robertson asked staff to forward a copy of the petition from Bellevue College students to Metro and the King County Council.

Ms. Robertson noted testimony during the earlier oral communications which indicated that Metro is collecting record high revenues. Mr. Obeso said Metro will not achieve 2008-level revenues again until 2015. He said fare increases have nearly doubled the fare revenue, and Metro now receives a small amount of property tax revenue. Mr. Obeso said Metro has published a response to the Eastside Transportation Association's comments on this issue. He said he would provide a copy.

Councilmember Robertson questioned what percentage of Metro revenue comes from each subarea.

Mr. Obeso said that, in the past, each subarea generated approximately one-third of the system's revenues. He concurred with Mr. Woosley's comment (during oral communications) that 17 percent of Metro's system lies within the east subarea. Under the current proposal, the west subarea has 59 percent of the reduction and 69 percent of the ridership loss. The east subarea has 23 percent of the reduction and 18 percent of the ridership loss. Mr. Obeso said there are many ways to look at this regional service which provides benefits to both transit users and non-transit users.

Ms. Robertson said she is glad to hear that Bellevue's percentage of reductions is lower than some areas. She said Bellevue is a growing employment center and transit demand continues to increase.

Councilmember Robertson asked whether Metro has analyzed the impacts of service cuts on bus routes serving high school students. She said many students do not have alternatives for getting to and from school. Staff indicated that would be addressed later in the City's presentation.

Responding to Ms. Robertson regarding the Regional Transit Task Force recommendations, Mr. Obeso said the most significant recommendation was to establish objective guidelines using data that is transparent and available to everyone. He said Metro established service guidelines and has implemented the recommendations.

Councilmember Stokes said it would be helpful to have a more in-depth understanding of how the numbers add up to the 600,000 service hour reduction.

Councilmember Robinson asked what fare increase would be needed to make up for the revenue generated by the temporary \$20 charge. Mr. Obeso said a 25-cent fare increase would generate \$10 million to \$12 million. He cautioned that raising fares too high results in lower ridership, however.

Responding to Mayor Balducci, Mr. Obeso confirmed that the 2015 fare increase will be the fifth in seven years.

Mayor Balducci thanked staff for the presentation.

Franz Loewenherz, Senior Planner, described the implications of Metro's service reduction proposals, which affect 85 percent of all routes in Bellevue. Together these routes transport approximately 35,000 daily weekday riders. Metro's system-wide proposal deletes 11 routes which will result in more bus overcrowding, more people choosing to drive, and increased roadway congestion.

Mr. Loewenherz described routes in Metro's proposal with reduced hours of operation, reductions in service frequency, and adjustments to route coverage. This results in longer waiting times, more difficult connections, reduced reliability, reduced mobility at night, reduced transit

access for swing shift workers, reduced urban vitality, and an increase in people choosing to drive.

Mr. Loewenherz said the two routes most important to Bellevue College (245 and 271) are rerouted from the campus out to 148th Avenue SE. The current campus bus stop serves more than 1,500 daily rides.

Mr. Loewenherz said Bellevue's highest priority in its Transit Service Vision Report (October 2013) is to enhance all-day service on the frequent network corridors. Staff has drafted a letter for the Council's consideration which proposes maintaining the span, frequency, and coverage of three routes serving Bellevue (235, 245, 271). Route 235 service between Kirkland and Bellevue is critical to Bellevue's Medical Institution District on 116th Avenue NE.

Mr. Loewenherz noted copies of letters from Children's Hospital, Bellevue College, the Associated Student Government of Bellevue College, Bellevue Chamber of Commerce, and Hopelink expressing concerns about service reductions and requesting City Council intervention on these impacts to Bellevue.

Mr. Loewenherz said staff requests Council direction to send a letter to King County (signed by the Mayor or Director of Transportation) reaffirming the City's commitment to its Transit Master Plan principles and frequent transit network.

Councilmember Lee observed that certain routes with reduced frequency will likely not be used at all. He questioned removing them altogether in order to preserve other service.

Mr. Loewenherz said that is consistent with the philosophy of the Transit Master Plan reduced funding scenario. He said City and County staff have discussed ways to ensure that routes 235, 245, and 271 are preserved, and the suggestion by Mr. Lee is one possible strategy.

Councilmember Chelminiak said he shares Councilmember Robertson's concerns about bus service near high schools.

Mr. Loewenherz said the City does not have detailed information on ORCA card usage by high school students. The Bellevue School District contracts for specific routes to campuses and students use their cards for other routes as well. Mr. Loewenherz said staff's draft letter is intended to narrowly focus on what is most pressing and the highest priority of the Transit Master Plan, which is maintaining the frequent transit network.

Mayor Balducci said it would be helpful to obtain information from the Bellevue School District regarding student bus usage.

Ms. Balducci observed that staff is requesting approval to send a technical letter requesting modifications to Metro's service reduction proposal. She said it could be appropriate to send a separate letter regarding school transit service after learning more about those impacts. She will take the lead from the Bellevue School District on this issue.

Councilmember Robertson expressed support for staff's draft letter. She concurred with following up on the potential impacts to students, who are a fairly transit-dependent population. However, she supports the currently proposed letter from the City focusing on the three specific routes of the most immediate concern.

Councilmember Stokes said it would be interesting to look at routes serving those who are transit-dependent in which the usage is relatively low. He does not want to erode the overall concept of achieving the highest and most effective use of the transit system.

Councilmember Lee expressed support for the letter. However, he said it is important to address Mr. Woosley's comments during oral communications and to obtain information about Metro's progress in implementing the Regional Transit Task Force's recommendations.

Deputy Mayor Wallace said he has been in contact with King County Councilmember Hague's office for more information. He observed that the data presented focuses on service hours. He is interested in a better understanding of the effect on commuters. Mr. Wallace said it would be helpful to understand the forecasted ridership impact for Bellevue as opposed to the service hour impact.

Deputy Mayor Wallace said this is part of a broader problem with transportation in general which is a lack of funding from the state legislature for all types of transportation. He cautioned that this is not the only potential tax increase coming in the future, and it is important to think about the cumulative impact of all of these potential tax increases on the economy and business environment.

Mayor Balducci expressed support for the letter. She said the proposed transit service reductions affecting Bellevue College are not acceptable. She expressed concern about the impacts of the climate as well as the potential safety issues for students walking longer distances to and from the bus. Ms. Balducci said she would be comfortable with either the Transportation Director or City Manager signing the letter, since it is technical in nature.

Councilmember Robinson suggested that having the Council show its support by signing the letter would have more influence at the state level.

Deputy Mayor Wallace said he sees it more as a staff letter.

Ms. Balducci suggested that the Transportation Director sign the letter. She said the letter the Council will need to write will address the Council's support for or against different funding mechanisms. Ms. Balducci summarized that the cost of providing transit services, like most government services, rises faster than revenue, especially during a recession when the primary revenue source is sales tax. The loss of transit service will affect employers, employees, shoppers, visitors, transit users, and non-transit users who get stuck in more congestion. Ms. Balducci questioned the current travel mode split for the Downtown. She acknowledged the potential negative impact of increased taxes. However, employers also want the community to offer adequate transit service in order to attract employees.

Mayor Balducci said the Council has maintained a consistent position that a balanced transportation package is needed from the state legislature. The Council met with state legislators on January 9 and transportation needs were a top priority and topic of discussion.

Transportation Director Dave Berg said staff will submit the letter presenting the City's counter-proposal to Metro's proposed route modifications.

At 8:12 p.m., Mayor Balducci declared a five-minute break.

The meeting resumed at 8:18 p.m.

(c) Economic Development Update

Acting City Manager Brad Miyake opened staff's update on the Economic Development Strategic Plan and a new initiative, Next Generation Bellevue. He recalled that, on June 17, 2013, the Council directed staff to create an Economic Development Strategic Plan. Staff has been working with Berk Consulting to create this plan. A progress report was provided on October 17, 2013, which focused on the assessment of Bellevue's economic competitiveness. Tonight's presentation is focused on stakeholder feedback and finalizing the economic assessment.

(1) Progress Update: Economic Development Strategic Plan

Chris Salomone, Director of Planning and Community Development (PCD), provided introductory comments. He noted that the goal is to finalize the Economic Development Strategic Plan by March.

Brian Murphy, Berk Consulting, reviewed the Economic Development Strategic Plan project schedule. He described mechanisms they are using to help elevate portions of the plan which include direct and foundational strategies. Direct strategies are the core focus of economic development staff whereas the foundational strategies are those that create a positive environment and climate to support a high quality of life and the economic development strategy. The other construct prominent in this planning effort is short-term priority action items, which are projects rather than strategies.

Natasha Fedo, Berk Consulting, noted that the meeting packet contains the 52-page Situation Assessment as well as the stakeholder comments document. Development of the Economic Development Strategic Plan focuses on four major industry sectors in Bellevue – Information Technology (IT), Business Services, Retail, and Tourism/Visitors. The IT sector has had more business openings of any sector in the past three decades. The primary business services in Bellevue are finance, management services, architecture and engineering. Bellevue's retail sector is strong with the highest taxable retail sales per capita of any major city in King County.

Ms. Fedo reported on Bellevue's general strengths (e.g., international connections, quality of life, favorable business climate) and challenges (e.g., traffic, lack of affordable housing, need for increased City investment). The project team has received fairly consistent feedback from focus

groups and stakeholders. They cite many benefits of doing business in Bellevue (e.g., diverse range of built environments, high quality talent pool, streamlined permitting and code regulation) and identify the top two challenges as transportation and housing.

Mayor Balducci observed that the top challenges identified for Bellevue are indicative of the region: transportation, mobility, the ability to finance infrastructure, and the need for STEM education.

Councilmember Lee commented that diversity and cultural acceptance contribute positively to the quality of life in Bellevue. Ms. Fedo concurred that they heard comments to that effect from the stakeholders.

Continuing, Mr. Murphy highlighted the desired outcomes of the overall strategic plan: strengthened economic base, employment opportunities, improved quality of life, and a diverse economy.

Councilmember Robinson noted that art is not mentioned in terms of quality of life. Ms. Fedo said they did not hear many comments from the stakeholders about art in the community.

Mr. Salomone said the project team has identified art as an important quality of life component and there are strategies that address public art.

Mr. Murphy highlighted the following guiding themes: strategic use of resources, regionalism, local partnerships, portfolio approach (i.e., IT, Business Services, Retail, Tourism), and diversity/internationalism. He presented a summary of key strategies. He noted there were a number of comments from stakeholders who believe the City has an important role in the foundational strategies (e.g., transportation, housing, IT infrastructure, education system, parks/natural environment).

Mr. Murphy highlighted potential early action initiatives, including the proposed Next Generation Bellevue, to cultivate technology entrepreneurship. One strategy focuses on partnering to support small and medium-sized businesses.

Responding to Councilmember Robertson, Mr. Murphy talked about the concept of developing a range of jobs. He noted that two-thirds of jobs are with small and medium-sized employers. He said there is often more ability to impact the economy with small and medium-sized employers versus larger corporate employers.

Ms. Robertson said she supports entry-level jobs, especially for young people. However, she would rather put the City's energy into creating new, well-paying jobs that will support employees wanting to live in Bellevue. She would like the City to actively recruit new firms. With regard to the foundational strategy to "Support the development of world-class talent," Councilmember Robertson believes this should be a strong focus. She said this includes the education system and vocational-technical training.

Councilmember Stokes thanked staff for the report but noted that he is not sure what the Council is being asked for at this point. He believes a longer discussion will be needed before making policy decisions.

Councilmember Lee suggested a targeted focus on something concrete that can be successfully implemented. He acknowledged the portfolio approach but believes a more narrow focus is needed to reach specific goals.

Councilmember Chelminiak said the cluster strategy does not refer to a type of business or line of business but rather a grouping of businesses that compete and collaborate to bring more economic activity into the area. He said these can provide entry-level jobs as well as jobs at all levels.

Mr. Chelminiak encouraged a sustainable economy that can be relatively stable over time. He said the earlier discussion highlights that transit is a critical component of economic development as well. Mr. Chelminiak said there is a need for a sales/marketing piece.

Mayor Balducci recalled that there was a presentation in October and the process is now narrowing down the strategies. She looks forward to finalizing a list of action items and observed that the City cannot do everything at once. For her, this effort is about coming up with business-related activities (i.e., partnerships) that the City will undertake. She noted that NE 8th Street runs from Neiman Marcus to Grocery Outlet. She supports Mr. Chelminiak's comments that a cluster strategy should be mindfully engaged in developing a full range of employment opportunities.

Mr. Murphy and Ms. Fedo completed their presentation of the foundational strategies.

Councilmember Stokes thanked staff for their work. He said it is important to focus on specific strategies and to provide adequate resources, including staffing, to work in the area of economic development.

Mayor Balducci said that bringing the final Economic Development Strategic Plan back to the Council in March will be timely with the beginning of the next Biennium Budget process.

Ms. Balducci suggested it would be effective to have an overall Eastside economic development strategy for some of the issues. She said neighboring cities, and areas within them, provide different attributes and opportunities.

Councilmember Robertson said it would be helpful to receive a draft of the plan before the Council's February retreat, if possible.

(2) Project Brief: New Initiative to Support Technology Entrepreneurism in Bellevue

Tom Boydell, Economic Development Manager, opened discussion regarding the Next Generation Bellevue strategy. In the spring of 2013, staff began talking with business leaders who encouraged the City to move forward with its economic development strategy. Since that

time, staff has met with many stakeholders from the business community and other organizations. He recalled that staff began originally exploring the idea of focusing on startup companies. However, the Next Generation Bellevue strategy focuses on established yet relatively young new companies.

Mr. Boydell introduced Troy Scheer and highlighted his extensive experience in investment, company building, financial management, media/communications, technology, and education. Among many ventures, Mr. Scheer was involved in the creation of the Mandarin immersion school in Bellevue. Mr. Scheer has a MBA degree from Harvard Business School.

Mr. Boydell introduced Margaret O'Mara as a globally recognized expert on the history of the technology industry. She has published a book on Silicon Valley. She is a faculty member at the University of Washington and previously served on the White House staff. Ms. O'Mara has a PhD from the University of Pennsylvania,

Ms. O'Mara said she has spent a great deal of time over the past 15 years talking to cities around the world about how to build innovation and create dynamic communities. She said Bellevue is in an extraordinarily competitive position to build the next generation. Bellevue has an incredible, high-powered group of business people who are willing and eager to be civic entrepreneurs for the community. They are thinking not only about business, but about how they can contribute to taking Bellevue to the next stage. Ms. O'Mara said she has been very impressed with the level of collaboration and interest in making the city great.

Ms. O'Mara highlighted some of the things she has heard from local stakeholders. One is that Bellevue's strong suit is the technology companies of all sizes that are here. She said the emergent opportunity lies in attracting more small to medium-sized enterprises and their workers. Instead of focusing on startups, Ms. O'Mara said Bellevue has a number of companies with 10 to 150 employees which are being run by professionals, many of whom want to live and raise a family in Bellevue. They want the dynamic, urban environment but it is a different market than startup companies. Ms. O'Mara said there also are a great deal of early stage entrepreneurs who want this area to continue to be an incubator and accelerator for new companies.

Ms. O'Mara said the business community had indicated that this needs to be an Eastside-level strategy with Bellevue as the leader. She said there is the opportunity for political leadership and for Bellevue to have a powerful voice in regional conversations. One of Bellevue's advantages is its engagement with Asia and the international population.

Ms. O'Mara said innovation is part alchemy and part policy. What she has learned from researching 75 years of Silicon Valley and a number of other places is that government plays a critical role in fostering innovation. This happens through a substantial targeted focus on strategic investments that encourage people to do fantastic things, and then getting out of the way. Government plays a critical role in shaping an environment that provides opportunities for entrepreneurs and everyone else in that place.

Ms. O'Mara noted that Silicon Valley has not done very well in fostering an environment that will accommodate a broad range of individuals. It is not an option as a place to live under a

certain income threshold. She observed that places wanting to draw some of Silicon Valley's entrepreneurial energy need to also think about creating balance.

In thinking about what Bellevue can do, Ms. O'Mara presented some broader philosophical ideas. One is to create space which can mean physical space and/or targeting services and resources to certain types of companies/sectors. The second concept is to tell the story about what is here and what could be here. The third is to form high-impact partnerships with business. Ms. O'Mara suggested that a freestanding body of interested stakeholders could bring their ideas to the table and use them in very efficient, targeted ways to recruit and retain companies.

Ms. O'Mara said Bellevue's strengths are complementary to, but different from, Seattle's. She encouraged a focus on mid-level companies that are still venture-backed but past the embryonic stage.

Mr. Scheer said the real economic assets of Bellevue are the people. He said Bellevue is not competing just with the west coast but across the world in recruiting business and talent. When talent comes here, it attracts more talent. He noted that the mid-level companies have been vetted and are generating revenue, and probably even cash flow. They are receiving capital to grow their business. Mr. Scheer said talent supports companies, companies support talent, and Bellevue needs to compete for that.

Mr. Scheer addressed the issue of: Why now? The country is 58 months into the current bull market, and most bull markets run for four to five years. On average, the previous peak to trough is 14 months. Given that, he suggested we are in sight of the summit. He suggested that Bellevue has 12 months to build a comprehensive strategy in order to capture the market for the next four years of economic growth.

Mr. Scheer said that, if you look at the correlation between emerging market growth and the growth in our markets, it has become increasingly correlated. If Bellevue misses the next window of economic growth, it will miss a huge opportunity. He said Bellevue needs to work together now to compete for business.

Mr. Scheer commented on the international component. A consulting firm found in 2010 that 85 of the largest 500 companies in the world came from emerging markets. The firm estimates that number will be 230 in 2025. The global business landscape is changing very quickly in very meaningful ways. Within those 230 companies, the firm believes that 120 of them will be Chinese companies. In 2000, 12 of those companies were Chinese companies and they were all state-owned.

Mr. Scheer noted that Chinese companies are typically low-cost innovators who will disrupt markets, which provides an opportunity for Bellevue to become a hub for international business. He observed that Bellevue could replicate much of what has occurred in Singapore, which has the largest number of subsidiaries of any emerging market country. Singapore achieved that with few resources and a lot of great people working on the strategy together.

Mr. Scheer said it is important to move forward now. He believes that Bellevue has an opportunity to change the trajectory of the community for many years to come.

Councilmember Lee thanked Ms. O'Mara and Mr. Scheer for sharing their extensive knowledge and experience.

Deputy Mayor Wallace said he is pleased with staff's work and the foundational data generated by Berk Consulting and City staff. He supports moving forward fairly aggressively with Next Generation Bellevue. Mr. Wallace suggested that certain code changes would facilitate private investments in technology infrastructure.

Councilmember Robinson thanked staff and the guests for the presentation. She observed that everything that is being said about economic development underscores the need for a variety of housing in Bellevue. She looks forward to addressing that issue in the future.

Councilmember Stokes concurred with Mr. Wallace's comments about moving forward with technology infrastructure.

Mayor Balducci thanked Mr. Boydell and all of the presenters for their work. Mr. Boydell said staff will be back with additional details of the Next Generation Bellevue strategy as they are worked out.

4. Executive Session

At 9:36 p.m., Mayor Balducci declared recess to Executive Session for approximately 30 minutes to discuss one item of property acquisition. She said the Council would adjourn from the Executive Session.

The Executive Session concluded at 10:09 p.m. and the meeting was adjourned.

Myrna L. Basich, MMC
City Clerk

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