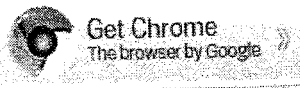


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Bellevue Plans Ethics Probe After Questions of Conflicts of Interest Regarding Light Rail Route

Recent questions arose regarding Councilman Kevin Wallace's involvement with a company with a possible future interest in the BNSF line - which would be included in the B7 light rail route - but probe may include other council members

By [Venice Buhain](#) [Email the author](#) March 14, 2011

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What should the ethics probe encompass? Will this do damage to the city's case for B7? [Tell us in the comments.](#)



The city of Bellevue is planning an ethics probe into potential conflicts of interest involving City Council members after questions were raised about a councilman's business dealings with a railroad company and the proposed light-rail line through the city.

It hasn't been determined yet if the ethics investigation will include only Councilman Kevin Wallace's possible conflict of interest, or if it will include issues raised by Bellevue residents about other council members regarding Sound Transit's preferred light-rail route along Bellevue Way.

The Burlington Northern Santa Fe line east of downtown is included in the option that the city is paying an independent contractor to review. Four of the seven council members aim to persuade Sound Transit to change its preferred route to include the BNSF line, rather than the route along Bellevue Way Southeast through the Enatai and Surrey Downs neighborhoods.

Wallace was among the council members who voted to spend \$670,000 for the independent review of the option known as "revised B7."

Last week, the Seattle Times raised questions about Wallace's involvement with GNP Railway, a railroad company that was working on raising money for expansion.

Wallace is president of Wallace Properties Development, which had a memorandum of understanding with GNP over plans to expand a freight rail line from Snohomish to Redmond, though GNP's plans eventually would have included the portion of the BNSF railroad line that would be affected by the city's B7 alternative. Wallace Properties' agreement fell through after creditors forced GNP into bankruptcy organization.

Wallace told the Times that he considered the issue "water under the bridge" because of the bankruptcy, but if the plans had gone forward, he would have discussed any conflicts of interest at that time. [Read the Seattle Times' coverage here.](#)

All six council members who were present at Monday night's regular meeting voiced support for the independent ethics review, but differed on how

broad it would be.

Mayor Don Davidson said during a break in the meeting that one of his goals with the ethics investigation was to patch up differences among council members and minimize politics.

"Part of what I want to do with this is to bring some healing," Davidson said.

On Monday, Wallace pledged to cooperate fully with any investigation and said he was confident that an ethics investigation would show no wrongdoing.

"These questions do need to be answered," Wallace said. "I support the decision and I will cooperate with it, and I also firmly believe that when it is concluded it's going to show that there has been no conflict of interest and no inappropriate behavior on my part."

Wallace said that his advocacy for the B7 alternative, which would put light rail along Interstates 90 and 405 and partly on an unused BNSF rail bed, predates his involvement in the City Council. The council's preferred route would take light rail away from Bellevue Way and be less noisy for neighbors in the Enatai and Surrey Downs neighborhoods, but it could be more expensive, would have possible environmental impacts to Mercer Slough and would not connect with the existing South Bellevue Park and Ride, thus possibly limiting ridership. (Read more about it [here](#).) The \$670,000 study aims to see if B7 can be tweaked to improve those issues.

"The GNP matter has nothing to do with my over-two-year-long advocacy for the B7 alignment for light rail," Wallace said. "The B7 alignment is the best option for bringing light rail to the Eastside while at the same time protecting the neighborhoods in South Bellevue. I still believe today it is the best solution for light rail.

"However, it's very important, and I'm sure we'll all agree it's very important, and our city constituents have a right to expect that their council members take their responsibilities very seriously and are executing their responsibilities appropriately. And I believe this review will show that I've done just that."

Councilman John Chelminiak said that he was disappointed that Wallace did not inform others in the city about his possible business interest.

"This discussion is not about Sound Transit, it's about public trust. Public trust has been shattered. I feel very badly about that," he said.

"I appreciate that very much and I'll take you at your word for that. But the issues here are serious."

He said that Wallace had brought up GNP's plan to run rail as far south as the Wilburton area earlier this year but did not disclose any business dealings. "It brings into question a lot of things. It brings into question some of your votes, frankly. It brings into question whether or not city staff--and from some of the e-mails that I've seen--whether city staff was doing due diligence for your private company. If they were, it's really, really wrong."

Other questions, other council members

Some Bellevue residents--primarily those opposed to Sound Transit's preferred light-rail route on Bellevue Way--have questioned other council members' possible conflicts of interest. Councilman Grant Degginger is a partner in Lane Powell, a law firm that has represented Sound Transit in the past, and Councilwoman Claudia Balducci is a Sound Transit board member, representing Bellevue, and works for the county as the coordinator of the Regional Jail System.

Last year, city attorney Lori Riordan gave a presentation of her conclusion that neither Degginger nor Balducci has any direct benefit or penalty from the outcome of where the Sound Transit line runs through the Eastside. On Monday, Riordan said she consulted with other independent attorneys in that review.

Still, audience members asked the council to re-examine those connections in any new ethics review.

Davidson said the next step before hiring an outside investigator would be for the council to agree on the scope of the ethics probe.

Still, Davidson said that he hopes that the ethics review will not change the city's short timeline for the B7 alternative. The council is scheduled to make a decision in April whether to put more money into making the case for B7 and presenting those findings to Sound Transit.

It needs to make a decision on B7 soon because Sound Transit's board is scheduled to vote on its plans for light rail on the Eastside by this summer.

"These are two totally different tracks," Davidson said, referring to the city's study of B7 and the ethics review.

Wallace said he has no plans to recuse himself from light-rail matters should they come to a vote.

"The people of Bellevue elected me to represent them," he said.

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