

CITY OF SHORELINE

**SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING**

Monday, November 17, 2008 – 6:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ryu, Deputy Mayor Scott, Councilmember Eggen, Councilmember Hansen, Councilmember McConnell, Councilmember McGlashan, and Councilmember Way

ABSENT: None

1. CALL TO ORDER

At 6:33 p.m., the meeting was called to order by Mayor Ryu, who presided.

2. FLAG SALUTE/ROLL CALL

Boy Scout Troop 853 led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present. Red Robinson, Scoutmaster of Boy Scout Troop 853, briefly commented on the scouting program, noting that they graduate two eagle scouts per year. He announced Eagle Scout events throughout the year.

3. CITY MANAGER'S REPORT & FUTURE AGENDAS

Bob Olander, City Manager, provided updates and reports on various City meetings, projects, and events.

4. COUNCIL REPORTS

Councilmember Hansen reported on his attendance at the National League of Cities (NLC) conference. He added that he attended the Community Economic Development (CED) meeting and they mentioned a new financing program that could save the City about \$100,000 on projects.

Councilmember McConnell said she will be attending every finance workshop she can in the future in order to save money for the City.

Councilmember Way attended a field trip by the WRIA-8 Forum with state representatives, Seattle Public Utilities (SPU), and King County representatives. She noted that the trip started at the Ballard Locks and moved to Rainier Beach, Cedar River, and Issaquah, where they saw flood plain improvements and a low impact development project using pervious pavement. She

commented on her attendance at a subcommittee of the Lake Ballinger forum, where the legislative agenda and action strategy was discussed.

Councilmember Eggen said he attended a couple meetings prior to NLC. One of them involved crafting language for the master planning process and a meeting on the Ballinger watershed. He said NLC was very useful and he received good information on budgeting and finance.

Councilmember McGlashan commented that NLC is offering a prescription discount for uninsured and underinsured people. He said he also witnessed the night launch of the space shuttle.

Mayor Ryu stated that the City dedicated the Boeing Creek Park improvements on Saturday and the project includes 2.3 miles of trails and increases the stormwater capacity by 63 percent. She said the City received the Trillium Heritage Award from the Shoreline Museum for the house at Kruckeberg Botanical Gardens.

Councilmember McGlashan commented that there is a lot of work going on at Richmond Beach Park and it is starting to take shape. He noted that the improvements on Cromwell Park will start soon.

Mr. Olander noted that Boeing Creek Park is very unique and it has a lot of benefits in one small location. He noted that this multi-use, multi-jurisdictional project will have increased sewage storage capacity and improved surface water detention.

5. GENERAL PUBLIC COMMENT

a) Catherine Eagan, Shoreline, supported the Shoreline/Lake Forest Park Senior Center Thrift Shop and stated it is open everyday. She urged everyone to stop in and that she enjoys working with the seniors there. She noted that all the sales of goods go directly to the Senior Center.

b) Laethan Wene, Shoreline, invited the developmentally disabled residents of Shoreline to attend a forum at the DoubleTree Hotel in SeaTac on November 24.

6. APPROVAL OF THE AGENDA

Councilmember Eggen requested removal of item 7(b) from the Consent Calendar and added as action item 8(b). Councilmember Scott moved approval of the agenda as amended. Councilmember Hansen seconded the motion, which carried unanimously and the agenda was approved.

7. CONSENT CALENDAR

Councilmember Hansen moved approval of the Consent Calendar. Councilmember McGlashan seconded the motion, which carried unanimously and the following items were approved:

- (a) **Resolution No. 281 Revising the City's Personnel Policies to Comply with Recent Legislative Changes**
- (b) **Motion to Adopt the Proposed 2009 Legislative Priorities**
- (c) **Motion to Authorize the City Manager to Modify the Permanent Utility Easements granted to King County in Boeing Creek Park for the Hidden Lake Sewer Trunk Project (Contract #3415)**
- (d) **Motion to Authorize City Manager to Execute a Contract Amendment for Professional Services for \$130,000 with SB & Associates to Complete Design of the Hamlin Park Improvements, and Authorize the City Manager to Execute a Contract with King County for the \$75,000 Youth Sports Facility Grant**

8. **ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS**

- (a) **Motion to Adopt the Proposed 2009 Legislative Priorities**

Scott MacColl, Intergovernmental Program Manager, stated that Councilmember Eggen suggesting adding another bullet under the general priorities section to address unincorporated areas and annexation.

Councilmember Eggen commented that supporting annexation of unincorporated areas was on the priorities list last year and it is still important. He added that the City should also support measures for annexation of urban unincorporated areas in King County.

Mr. Olander stated that the City staff can support that language and revision.

Mayor Ryu called for public comment.

- a) Rick Stephens, Snohomish County, stated that he has property in Shoreline and thanked Councilmember Eggen for his due diligence.

Councilmember Eggen moved to adopt the amended 2009 Legislative Priorities with the additional language on annexations. Deputy Mayor Scott seconded the motion.

Councilmember McGlashan questioned if the language was sufficient for the City's goals. Mr. MacColl replied that the language was sufficient. Councilmember Eggen expressed his support for the revised priorities. **A vote was taken on the motion to adopt the amended 2009 Legislative Priorities as amended, which carried 7-0.**

- (b) **Ordinance No. 527 Authorizing the Use of Eminent Domain to Acquire Certain Portions of Real Property identified as Tax Parcels 0726049042, 7286500020, 7285900005, 0726049156, 0726049155, 0726049154 , 0626049028, 0726049083, 0318100005 and Property located at 16523, 16549, 16610, 16622, 16707, 16708, 16715, 16716, 16723, 16725, 16731, 16737, 16743, 16748, 16755, 17001, 17010, 17012, 17020,**

17030, 17037, 17202, 17203, 17209, 17219, 17244, 17255, 17504, 17505, 17545, 17550, 17560, 17935, 18005, 18207, 18217, 18325, 18405, 18413, 18510, 18528, 18551 Aurora Avenue North, 1111 North 175th Street, 1130 North 185th Street, 18400 Midvale Avenue North, and 18502 and 18514 Firlands Way North, Shoreline, Washington

Mark Relph, Public Works Director, explained the purpose of this action item, which is to authorize the use of eminent domain for acquisition of certain real property located along Aurora Avenue North necessary for construction of the Aurora Corridor Project Phase II from N. 165th to N. 185th. The City has contacted all affected property owners over the last several months to discuss the property needed to construct the Project and negotiations are continuing. However, if agreements cannot be reached on the value of the private property needed for the Project, eminent domain is the next step. Some owners, he noted, have accepted the City's formal offer and entered into an administrative settlement agreement with the City.

Mr. Sievers added that negotiations are ongoing with those who have not yet accepted the City's offer. Following a 2007 state law, those who have not yet entered into an administrative settlement agreement were given written notice of this meeting. Notice was also published in the Seattle Times and the Shoreline Enterprise. Staff estimates it was able to make phone contact with 95% of the owners regarding the written notice they would receive and the council meeting. If an owner refuses the City's offer, the owner can choose to obtain an appraisal from an appraiser of his or her choice. Assuming the City and the owner can then come to an agreement on property value, escrow, and closing, a title transfer will follow. This condemnation ordinance is proposed now in order to keep the project on schedule and within budget if negotiations fail.

Continuing, Mr. Sievers explained that eminent domain is a power granted to political subdivisions such as the City of Shoreline through Chapter 8.12 RCW to acquire private property for a public use. He asked the Council to approve this as a last resort to maintain the project schedule and noted that the City still has to negotiate in good faith, but explained that it depends on the valuation of what we need; each property is different. He stated that there is a Possession and Use (P&U) agreement and the City staff is evaluating the process and any concerns need to be addressed. Additionally, he said this condemnation ordinance for Aurora Avenue and the other three condemnation ordinances in the past have not been controversial. Negotiations started in February with the City's offer letter based on the fair market value appraisal; an independent review appraisal is also done. He noted that a voluntary purchase and use agreement benefits both parties. He said legislative findings are required with proposed Ordinance No. 527. Council approved a 110-foot cross section design and the City needs 5-10 extra feet, either permanently or temporarily. He explained that this is a public benefit and increases pedestrian safety, through enhancing and adding sidewalks, amenity zones, traffic flow, and safety. He noted that there has been a 61% decrease in accidents in the first phase of the Aurora Corridor since its completion.

Mr. Olander noted that finding the public uses and necessities is an essential first step in the process. He said the City staff recommends the Council pass this ordinance because it encourages owners to enter into voluntary agreements. He added that delays could occur if it doesn't pass.

Mark Relph pointed out that the design schedule is aggressive. He added that spring is the best season to take advantage of the project and if that window is missed, it could be bad because the federal grants must be obligated by the end of June 2009.

Mr. Olander added that the critical path is the property acquisition process and it has to be smooth, timely, and fair. He said that coming back with individual ordinances would be difficult because the process is very prescriptive. He noted that there are several overwhelming reasons to adopt this ordinance and the City should rely on the expertise of Universal Field Services.

Councilmember Way asked for clarification on the new language. Ms. Overleese said the language explains that the parcel is in the ordinance already and the legal description was still being worked on so the intention was to add the legal description and diagram now.

Mr. Olander commented that if this was passed the City staff would commit to an updated monthly report on all the properties which would have to be under the cover of attorney/client privilege and/or executive session.

Councilmember Way discussed the revision and asked Ms. Overleese about the revision. Ms. Overleese responded that the City staff has been working with the Gateway Plaza property owner and had a challenge writing a legal description for the temporary construction easement and the tiny acquisition area on the corner.

Councilmember Way wanted to know what the total number of properties affected was. She also wanted to know if there are some properties not included in this ordinance. Mr. Relph commented that some properties have settled and are not reflected in the ordinance. He explained that some are close to being done, but there are 77 total parcels, 60 are permanent acquisitions and 17 are temporary acquisitions.

Mayor Ryu called for public comment.

a) Rick Stephens, Shoreline Chamber of Commerce, said he believes that issuing eminent domain threats is a bad City practice. He has heard tonight that it's good to live under threat, but he felt that it isn't positive to threaten residents. He said the City is in the middle of negotiations with its neighbors and wasn't notified of this. He added that the City didn't start talking to the neighbors along Aurora until June. He said he received an e-mail prior to the meeting from Universal Field Services (UFS) and finally found out there was another process that was never put into the paperwork, the P&U agreement. He said nobody has been told about this tool. He proposed that the staff identify those that don't want to negotiate.

b) Dale Wright, Shoreline, spoke in favor of Ordinance 527. He added that there is a prescribed legal process to arrive at the value of property and once the parties reach an impasse, the City must initiate eminent domain procedures. He added that it is a time consuming process and the City could stand to lose grant money already committed to the project. He said Ordinance 527 assists the City in performing the first step in the eminent domain procedure for all the properties and is a logical and sensible precaution to take.

c) LaNita Wacker, Shoreline, spoke in favor of Ordinance 527. She highlighted that this isn't a blanket condemnation, but a blanket use of a tool. She said the basic design has been approved in public hearings/meetings and specific properties can be negotiated. However, she stated, the entire project could be completed with eminent domain. She felt that the City offers fair market value and, if they settle, the sale occurs and the project goes forward. She noted that it is only used if the property owner refuses to settle.

d) Wan Han, Shoreline, stated that he owns property on Aurora Avenue North in Phase 2. He stated that he was negotiating with Roy Lucas of UFS for three months and agreed to a price. However, after 2 weeks, UFS called and said he had a problem with his title. He said Mr. Lucas informed him later that the City didn't authorize the agreement. He said he has a full copy of the agreement and he executed it. He said ten days ago Mr. Lucas said there is some internal problem and the City Manager didn't authorize the agreement. He said he doesn't know what is going on and that there are some internal communication problems. He said the attorney told him it takes a year or two. He said when he relinquishes the property he will lose prospective income and he just wanted to get a little more than the assessed value. He noted that frontage property is more valuable.

Mayor Ryu asked if this was a City-prepared document. Mr. Han responded that it was and he executed it, not the City. Councilmember Way questioned if he understood that the P&U agreement was a tool to work out problems. Mr. Han replied that he doesn't like the P&U process but he doesn't want to be a burden or delay the City project.

e) Sang Park, business owner at North 175th Street, commented that he has been in business for four years and the parking lot is very limited. He said he saw the 60% design and noticed the median in the middle of the road, which blocks cars from leaving his business. He said he understands the project is supposed to enhance public safety and traffic flows, but this will harm his business. He added that he is frustrated with the project.

Councilmember Eggen clarified that Mr. Park said his business would be severely affected by the entire project, not the eminent domain.

Mr. Park agreed and said he would prefer not having a median at North 175th Street.

Mr. Sievers noted that the City Attorney's office hasn't been involved with the detailed negotiations, only UFS. He said the City will try to mediate before disputes are filed.

Mr. Relph added that he also isn't familiar with details of those properties and he would like to understand them. He noted that there obviously some limitations.

Mr. Olander explained that there is a legal term called "threat of eminent domain," and the City is not threatening its residents.

Mr. Relph explained that P&U agreements are a part of the City's current process and the City would like to take advantage of it whenever possible.

Mr. Olander commented that Mr. Stephens talked about eminent domain and taking property. He said municipalities have this tool and it is to help protect the public. He said it protects the public from property owners who might try to delay the process to extract a higher price. He deemed it a necessary and essential tool to protect property owners and the public interest. He added that it was used in North City and Aurora Phase 1. He assured the Council that the City will negotiate in good faith.

Councilmember Hansen moved to adopt Ordinance No. 527 Authorizing the Use of Eminent Domain to Acquire Certain Portions of Real Property identified as Tax Parcels 0726049042, 7286500020, 7285900005, 0726049156, 0726049155, 0726049154, 0626049028, 0726049083, 0318100005 and Property located at 16523, 16549, 16610, 16622, 16707, 16708, 16715, 16716, 16723, 16725, 16731, 16737, 16743, 16748, 16755, 17001, 17010, 17012, 17020, 17030, 17037, 17202, 17203, 17209, 17219, 17244, 17255, 17504, 17505, 17545, 17550, 17560, 17935, 18005, 18207, 18217, 18325, 18405, 18413, 18510, 18528, 18551 Aurora Avenue North, 1111 North 175th Street, 1130 North 185th Street, 18400 Midvale Avenue North, and 18502 and 18514 Firlands Way North, Shoreline, Washington. Deputy Mayor Scott seconded the motion.

Mayor Ryu asked Councilmembers if there are any conflicts of interest or appearance of fairness issues with this item. Councilmember McGlashan replied that the owner of Gateway is developing his property. Mr. Sievers determined that all decisions are legislative matters assigned to Council and there is no impediment.

Councilmember Hansen commented that this is timely, necessary, and does not demand eminent domain; it gives the City the right in case of an impasse. He said it is a tool the City staff needs to keep the project on schedule. He noted that he doesn't like the word "threat" either and doesn't represent any of the property owners on Aurora. However, his advice to the property owners is not to settle until you are under threat of condemnation.

Councilmember McGlashan asked about the appraisal review process. Mr. Sievers clarified that a second appraisal firm reviews the initial appraisal and the property owner can be reimbursed up to \$1,500 to get a third appraisal. He questioned the statement made that 175th to 200th moved to the east. Mr. McKinley confirmed the statement and said the slide used in developing the design for the last two miles reflected an eastward shift. Councilmember McGlashan stated that he supported the ordinance and agreed with the process.

Councilmember Way questioned what the City's options are. She asked how the P&U process was used in the past and what the City's authority is. She said this seems unclear to many property owners.

Mr. Sievers replied that there is very little in the municipal code because the power of eminent domain comes from the state. He noted that RCW 8.12 and 8.25 highlight the procedures that cities must follow. RCW 35A says cities can condemn properties for public projects, and this one is a public project that takes place in the right-of-way. He explained that there have been a total of 16 properties the City had to sue and only one actually went to trial. He noted that it takes 8-9 months to get a trial date. He added that in Phase 1 the property was certified months before

because nobody rejected their P&U agreement. If the property owner doesn't give the City a P&U agreement within 30 days of the public order, they lose the ability to obtain attorney's fees and costs even if they prevail, which is a strong incentive to get the P&U agreements in place.

Councilmember Way asked when the P&U gets worked out. Mr. Sievers commented that he isn't sure when UFS offered them, but the City tries to get them out immediately. Mr. Olander added that it is part of the existing process that benefits the property owner.

Councilmember Way expressed her concern because people didn't seem to know about the P&U option. Mr. Relph commented that it appears one did know about it and the other wasn't sure. It's a tool and the City staff is committed to evaluate the use of the P&U agreements and offer them at appropriate time. Mr. Olander said there is an expert from UFS here and invited her to the podium.

Barbara Mekins, Project Manager, UFS, noted that her firm likes to have three significant contacts before having discussions about P&U agreements. She said the first thing is they offer a voluntary P&U and if it looks like an impasse, then it moves to a court-ordered, stipulated P&U.

Councilmember Way commented that the Chamber of Commerce president should know about this process.

Mr. Olander said he doesn't think there are hard feelings, except in maybe one case in Phase 1. He added that the nature of the process can be contentious because of possible differences of opinion. However, it is in the best interest of both parties to offer it at the appropriate phase.

Mayor Ryu stated that eminent domain is the last resort and asked if there is any harm in revising the ordinance.

At Mayor Ryu's suggestion, Councilmember Way moved to insert the following in Ordinance No. 527: "WHEREAS, sustained effort to contact property owners and interested parties has been made and will continue, and eminent domain action will be taken judiciously after reasonable efforts such as offering possession and use agreements." Councilmember Eggen seconded the motion.

Councilmember McGlashan questioned if condemnation was utilized in the first mile. Mr. Olander stated that the City must follow federal requirements, just as this was done on the first mile, and P&U is an opportunity.

Mayor Ryu commented that the City would have better results by proposing ideas and paying attention to "lessons learned." She added that some two-way left turn lanes were swapped in the first mile. She said there are going to be conflicts, but the City is trying to perfect a pretty good product and process. She noted that there are 57 property addresses listed and the City will be making this process transparent.

Councilmember Way wanted to know how P&U agreements work out with other interested parties, such as renters.

Mr. Sievers replied that the agents have identified long-term leases and it will involve the renters to some extent. He said the City would join long-term renters along with condemnation and along with their leases. Most leases are covered in eminent domain.

Councilmember Way asked if the P&U agreement would give parties any reassurance of use of the property as the project is built. Mr. Olander replied that it doesn't give them any fewer or more rights than they have now. Mr. Relph added that there is relocation assistance offered for people who are leasing property.

A vote was taken on the motion to amend Ordinance No. 527, which carried 5-2, with Councilmembers Hansen and McGlashan dissenting.

Councilmember McConnell inquired if there was a similar ordinance passed in the first mile. Mr. Sievers responded that there was a similar ordinance passed with the first mile and it went fairly smoothly.

Councilmember McConnell explained that the cost of the project increases with delays and most citizens want fair market value. She said eminent domain is a way to ensure that the City doesn't pay more for a property than it's worth; thus, protecting citizens and the City. She noted that delays like those in the first mile caused us to miss the construction cycle and cost the City millions of dollars.

Mr. Relph expressed concern that if Council wanted to do this parcel-by-parcel it would delay the project and raise costs.

Mayor Ryu confirmed that there wasn't any delay because of eminent domain in the first mile.

Councilmember McConnell supported the ordinance and said it promotes timeliness and efficiency. She said there are many opportunities for negotiation and eminent domain is a last resort.

Councilmember Eggen clarified that he has no financial interest in Aurora, but is a proud member of the Chamber of Commerce. He said the process has some possibilities for manipulation by whomever the stronger party is. He questioned if the people doing the initial appraisal specialize in condemnation actions or if they just do regular appraisals.

Mr. Sievers commented that the review appraiser did Phase 1 and is highly qualified.

Councilmember Eggen added that some will give high appraisals and some low appraisals. Mr. Sievers replied that manipulating appraisals doesn't do the City any good; it only wastes a lot of time and resources.

Mr. Relph reflected on the selection process for the acquisition team, and he described them as "top notch." This appraiser has done independent, commercial, and all types of appraisals and

has a variety of experience. He noted that the process was very detailed selection process and good appraisers "tell it like it is."

Mayor Ryu asked when the primary appraisal was done and if changing market conditions can impact the review appraisal. Mr. Sievers replied that they were done in a series and if there is a significant lapse in time another one will be done.

Councilmember Eggen asked if a review appraisal was the same as a full appraisal. Mr. Sievers replied that a review appraisal looks at the approach and the comparables. Councilmember Eggen asked why there isn't a provision for three full appraisals. Mr. Sievers replied that there isn't a reimbursement of the cost for full appraisals.

Mr. Olander commented that the background work is already done in the initial appraisal.

Councilmember Eggen said that it sounds like the second procedure, P&U, is the way to allow the project to proceed. He questioned if the condemnation authorization was presented as the essential element of the ordinance in order to proceed. Mr. Sievers replied that it was and the Council has to authorize the use of eminent domain.

Councilmember Eggen felt like this action can feel like a serious threat. He said there are two different perceptions out there; one by the City and one by the businesses. He asked if there was any way to soften the terminology because this presents a difficult balance of fairness, and the City needs not put any citizen at risk of spending more tax money.

Deputy Mayor Scott supported eminent domain for the reasons presented by the City staff. He added that he liked the amendment. He also agreed that it is an uncomfortable tool, but a reality and need based on what the City is trying to do, which is create a public benefit. He added that eminent domain strikes fear and terror in people but there are obligations and responsibilities for the greater good. Unfortunately, he highlighted, this will never feel comfortable. He expected all parties to negotiate in good faith.

Councilmember Hansen said he has been involved with this on both sides. Every owner, he explained, has the right to hire whatever assistance they need to get the full value of their property. The City defended the value very well, but there will be one final arbitrator. He supported the item and urged against any further delays.

Councilmember McConnell called the previous question. Councilmember Hansen seconded the motion, which failed 4-3, with Mayor Ryu, Councilmember Way and Deputy Mayor Scott dissenting.

Councilmember Way felt the residents were at the "pointy end of the stick" and the City needs its businesses to thrive. She said she isn't 100% convinced there is no other option and she felt it is a painful situation to decide.

Mayor Ryu said there is no question that this represents a public benefit and supported the design and project. However, there is still a need for third mile funding. She added that she has been at

the "pointy end" of an eminent domain action herself and it is really disturbing. She highlighted that the consequence of not passing this item is huge. She said that there is a Shoreline document called "Eminent Domain Process" and it should be included as a bullet point in this Ordinance.

Councilmember Eggen wondered if softening the language would be translated into a statement of the reluctance by the City. He said the Council realizes the inconvenience and impact but some are very reluctant to move on condemnation. However, this has to be adopted because it is a part of the process; it's an administrative necessity. He inquired what would it cost the City to delay this for a week and look at the language.

Mr. Olander felt the amendment by Mayor Ryu covers the intent and recommended proceeding with the adoption of the ordinance.

Councilmember Way appreciated Councilmember Eggen's suggestions and said she would have liked to have seen a range of options. She noted that there are three business owners concerned and she doesn't see any harm in delaying this.

Mr. Relph explained that the City staff is close to acting on this and the timeline is really tight. He expressed concern if this is delayed more than one week.

Councilmember McGlashan said he didn't see any reason to wait. He noted that eminent domain wasn't the big issue in the first mile and it gets all parties to an agreed upon resolution.

Mr. Olander pointed out that regardless of the language the Council should trust the City staff to negotiate in good faith and report back monthly.

Mayor Ryu said that on page 230, Attachment B, the City is obligated to notify long-term leaseholders and all tenants of any public information.

Councilmember Eggen moved to postpone action on Ordinance No. 527 for one week, for the purpose of rewriting it to clarify the City's intention and the context as to why the City is adopting the Ordinance. Councilmember Way seconded the motion.

Deputy Mayor Scott said he heard Mr. Relph and his timetable concerns. However, eminent domain is eminent domain, and it is something that must take place no matter how it is "dressed up."

Mr. Olander commented that he shares Mr. Relph's concerns, and changing a phrase isn't going to make a difference in the Ordinance or the public perception. He also doesn't see the utility with waiting another week. He can put it on next week's Council agenda, but it isn't the City staff recommendation to do so.

A vote was taken on the motion to postpone action on this item to November 24, 2008, which failed, 3-4, with Mayor Ryu, Councilmember Eggen and Councilmember Way voting in the affirmative.

A vote was taken on the motion to adopt Ordinance No. 527 as amended, which carried 5-0, with Mayor Ryu and Councilmember Way abstaining.

RECESS

At 9:17 p.m., Mayor Ryu called for a five minute recess. The Council meeting reconvened at 9:24 p.m.

10. ACTION ITEM: PUBLIC HEARING

- (a) Public hearing to receive citizens' comments regarding the 2009 Property Tax Levy and Other Revenues; and Continued Discussion of the Proposed 2009 Budget, including the 2009 Property Tax Levy and Other Revenues

Debbie Tarry, Finance Director, stated that Chapter 251 of the Laws of 1995 which was passed by the State Legislature requires the City Council to hold a public hearing on revenue sources for the next year's budget. The hearing must include consideration of property tax revenues and must be held before the property tax levy ordinance is passed and submitted to King County. The City of Shoreline is required to adopt its 2009 levy ordinance and certify the amount to the County Assessor by November 30, 2008. The 2009 Proposed Budget includes a recommended 1% percent property tax levy increase plus new construction. As prescribed in Shoreline Municipal Code (SMC) 3.01.080 these fees shall automatically be updated annually by the July to June Seattle-Tacoma-Bremerton Consumer Price Index for all urban consumers (CPI-U). For 2009 this means that the City's fees should be increased by 5.8%. After applying this increase to the hourly rate for development fees they will increase by \$8 per hour from \$137 to \$145.

Recreation fees were reviewed for inflationary adjustments and market comparison. As a result of this review, the 2009 proposed budget recommends a market adjustment for some recreation fees and continuing the use of direct and indirect costs to establish recreational class rates. The surface water fees have been increased by 5% instead of the full CPI-U. As basin plans are completed over the next couple of years more information will be available to determine the capital and operating needs of the utility that ultimately will be used to determine future utility rate fee adjustments. The 2009 annual residential home surface water utility fee will be \$130, a \$6 increase from the 2008 fee. Attachment A is the proposed 2009 fee schedule along with a comparison to the 2008 current fees. The fee schedule will be adopted at the same time the Council adopts the 2009 budget, which is currently scheduled for November 24, 2008.

Mayor Ryu opened the public hearing.

- a) John Depay, Shoreline, said he hasn't received a cost of living allowance (COLA) in 17 years and the City is trying to tax him out of his house. He felt the City should cut the entire budget by 5% because soon he won't have a place to live. He said the City doesn't care about old people. He asked why the City changed some of the speed limits to 30 miles per hour.

Councilmember Eggen asked if retired citizens have the ability to get reduced rates on property taxes.

Mr. Olander replied that they can and it is based on their income. He said there is a link on the King County website to the Assessors office and it outlines application procedures. He noted that there is also a way to get reduced natural gas and garbage rates.

Councilmember Hansen asked if the public hearing still open. Ms. Tarry said it is and stated that they can also get reduced electric rates, too.

Councilmember Eggen asked if it is appropriate for the City staff to contact the previous speaker. Ms. Tarry said she would.

Councilmember Way inquired about the surface water fee increase of \$6 annually. She asked how the 5% increase was determined.

Ms. Tarry noted that the City is still in the lower half of comparable rates of local cities. She added that the 5% was included in the Surface Water Master Plan and a rate analysis will be done once some of the basin plans are completed.

Mr. Olander added that it takes a series of rate increases to get certain CIP projects done that have been earmarked by the Council.

Councilmember Way asked to see the comparisons. Ms. Tarry said she would get those to her.

Mayor Ryu inquired about property exemptions. She asked how elderly people would get information if they don't have access to the website. Ms. Tarry replied that the City staff is willing to provide assistance to put senior residents in touch with the right people, like King County.

Mr. Olander stated that the City staff has also added information in *Currents* to let people know how to access the applications. He added that the City staff has also sent notices to the Senior Center regarding these programs.

Councilmember Way asked that the City do extra notifying for seniors in order to get the word out.

Mr. Olander commented that Councilmember Eggen had a good suggestion which was to ask the King County Assessor to come out in February for a seminar on property taxes since that is when the new assessments come out.

Councilmember Eggen said he was reading the records from past meetings and thought COLAs were based on a three-year cycle.

Ms. Tarry clarified that salary surveys, not COLAs, are done every three years. She said that the City's salaries are at the median of comparable cities. She added that COLA applies to all employees.

Mr. Olander explained that the COLA average over last 6 years is 2.99%, including 2009.

Councilmember Eggen stated that the Council caught the last COLA with a large value. He asked if COLA goes down, does that mean the City applies a negative COLA next year. Mr. Olander replied that unless there is a deflationary period, it is unlikely. Ms. Tarry added that there have been some instances where the June index was on the low side.

Mayor Ryu concurred with Councilmember Way's suggestion to leave the public hearing open until November 24, 2008.

9. NEW BUSINESS

(a) 3rd Quarter 2008 Financial Report

Mr. Olander said he is glad to respond to any questions by e-mail or phone. He communicated that the real estate excise tax (REET) is dropping, gambling is down, and expenses are running less than projections. He noted that they are pretty close, but expenses are in the line with revenues.

Councilmember Way turned to page 5 and asked Ms. Tarry why auto sales are about 12% ahead of last year. She noted that this is surprising compared to the region or our nation. However, she said she anticipates a slowing trend.

Ms. Tarry replied that the Department of Revenue and overall King County retail sales are down 1.2%, but Shoreline is showing positive numbers. She said she will continue to monitor this.

Councilmember Hansen commented that when he attended the National League of Cities (NLC) conference the cities in the south discussed a streamlined sales tax. He asked if there would be a way to track it and perform mitigation if need be.

Ms. Tarry commented that she is trying to get that information, but information on mitigation won't come out until December. She added that Shoreline is one of the winners when it comes to streamlined sales tax, so the City won't get mitigation.

Councilmember Hansen noted that south end cities have serious drops in sales tax revenues.

11. ADJOURNMENT

At 9:52 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk