

# CITY OF SHORELINE

# DRAFT

## SHORELINE CITY COUNCIL SUMMARY MINUTES OF WORKSHOP MEETING

Monday, October 21, 2002  
6:30 p.m.

Shoreline Conference Center  
Mt. Rainier Room

PRESENT: Mayor Jepsen, Deputy Mayor Grossman, Councilmembers Chang, Gustafson, Hansen, Montgomery and Ransom

ABSENT: None

1. CALL TO ORDER

The meeting was called to order at 7:30 p.m. by Mayor Jepsen, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Jepsen led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. CITY MANAGER'S REPORT

City Manager Steve Burkett and Councilmember Gustafson commented on the exit interview with the State Auditor, noting that there were no significant findings reported.

4. COUNCIL REPORTS

Councilmember Montgomery reported that the Association of Washington Cities is sponsoring regional meetings to encourage City officials and managers to meet with state legislators. She was encouraged to know that state legislators are sympathetic to the difficulties faced by cities.

Councilmember Gustafson reported on his attendance at the Water Resource Inventory Area-8 (WRIA) Watershed meeting, noting that 27 different cities supported adoption of an agenda for salmon habitat conservation. He said the meeting provided useful guidance to local governments on long-term watershed conservation.

Deputy Mayor Grossman commented on his attendance at a regional King County Mayors meeting, where he identified many similarities with other cities in terms of

budgets and service reductions. He expressed appreciation for Shoreline's conservative budgeting practices.

Mayor Jepsen reported on the Oct. 7<sup>th</sup> Northend Mayors meeting where County Councilmember Carolyn Edmonds discussed human service issues. He noted that the regional policy committee voted to fund \$10.5 million in human services, but the Executive's budget funds only \$10 million. He added that the County is considering creating a commission to review various issues relating to county government administration. He noted that the City of Bridgeport is sponsoring House Bill 4940.3, which would send a portion of state sales and use tax to counties, cities and public health departments. Finally, he reported that he and Councilmember Hansen attended the North City Open House, where they heard a variety of opinions regarding the development of 15<sup>th</sup> Ave NE.

Mayor Jepsen reported on the successful Grand Opening of the Skate Park and, along with Teen Supervisor Mary Reidy, presented certificates to the following teens who had organized the event: Jeramy Gamler, J.P. Bendzinski, Marcus Ohlinger, Joseph Gunderson, and Kyle Wolf. Also receiving certificates were: Wayne Peterson, Nick Louie, Ben Gamble and Harrison Williams.

Councilmember Gustafson commented that many people made favorable remarks about the quality of the Skate Park.

## 5. WORKSHOP ITEMS

### (a) Presentation of Proposed 2003 Budget

Mr. Burkett presented the proposed 2003 budget and provided an overview of the development process, the adoption schedule, the guiding principles in the proposed budget, and 2003 budget limitations and challenges. He reviewed revenue sources and proposed expenditures, as well as the major operating budget changes for 2003. His presentation included the following points:

- The City Council adopted the Capital Improvement Plan (CIP) in July 2002. In the past the CIP has been adopted as part of the annual budget.
- The guiding principles in the 2003 budget include: 1) conservative budgeting, 2) a long-term financial outlook, and 3) maintaining and improving City's parks, roads and drainage systems
- The City has a low fiscal capacity, meaning there is less retail sales tax and commercial property tax revenues as compared with other cities.
- The Puget Sound economy lags behind the national average. Economists now predict that employment levels will not return to 2000 levels until 2005.
- There is significantly reduced growth in the amount of sales tax collected, although the decline is not as pronounced in Shoreline due to the consumption of basic goods.

- Property tax growth, the largest source of revenue, is significantly reduced due to lagging development activity and tax growth limits imposed by Initiative 747.
- Budget highlights include: 1) a balanced 2003 budget; 2) conservative revenue projections; and 3) service level changes in response to community priorities.
- The total budget (operating & capital) is 1.4% greater than the 2002 budget
- The primary sources of revenues are property tax, sales tax, and utility/franchise fees.
- 57% of revenues are allocated to Operations, including Police, Public Works, and Parks and Recreation.
- The property tax rate of \$1.36 per \$1,000 valuation is down 5.5% from the 2002 property tax rate.
- Assessed values are anticipated to increase approximately 6.5%.
- The City's share of the property tax is approximately 11% of the total collected.
- Personnel costs of \$326,000 result from a combination of increases and reductions relating to the following: 1) new positions; 2) compensation policy; 3) allocations of salaries between operations and capital budgets; and 4) aquatics programming.
- At 2.5 per 1,000 residents, the City of Shoreline has comparatively fewer employees per capita than many other cities.
- There is no overall increase in the Public Safety portion of the Operating Budget, although there is some shifting of positions.
- Proposed reductions in Sub-Area Planning, Technology, and On-Call Professional Services/Street Sweeping total \$187,000.
- The budget includes a one-time budget allocation of \$1.6 million for City Hall, emergency contingencies, and maintenance vehicles and start-up costs for new positions.
- Recommended fee adjustments include land-use and non-building permit fees, recreation fees, and surface water fees.
- The proposed 2003 General Fund expenditure totals \$25,790,325, a 4.5% decrease from 2002.
- The General Fund reserve policy dictates a minimum of 10%, or about \$2.5 million, to be held in reserves. Current reserves total approximately \$6 million, not including the City Hall fund transfer.
- Initiative 776 and Referendum 51 are two issues that will affect City revenues.
- The costs for County services will become more apparent prior to adopting the final budget.
- Projected expenditures are anticipated to outpace projected revenues through 2008.
- Projected long-term reserves fall below required operating levels for the years 2007 and 2008.
- Responding to Councilmember Hansen, he explained that the City policy has been to make operating budget transfers to the capital budget.
- The largest portion of 2003 capital expenditures are allocated to: 1) transportation (Interurban Trail, Aurora Avenue, road overlay/curb/sidewalk program, 15<sup>th</sup> Avenue NE, Interurban Trail pedestrian crossing); 2) pedestrian fund; 3) surface

- water conveyance; and 4) facilities and Parks (City Hall, Spartan Gym renovations, City Gateways).
- Surface water projects include Ronald Bog, small projects, 3<sup>rd</sup> Avenue drainage, and the surface water comprehensive plan.

Councilmember Chang inquired about the \$500,000 budget allocation to the City Attorney's office. Mr. Burkett explained that the City Attorney's budget is divided among salaries and a number of contractual services.

Given the bleak economic forecast, Councilmember Chang asked how much money would remain in capital reserves after allocations are given to Aurora, North City, and City Hall. Mr. Burkett responded that capital reserves should remain the same, assuming that the Capital Improvement Plan is implemented as adopted.

Councilmember Gustafson expressed interest in statistics relating to budget changes in street crime and traffic enforcement. He also expressed a desire for more specific information on service level changes. He commented that the assessed value of his home went up more than 6%. Mr. Burkett reiterated that the Assessor anticipates a 6% increase in assessed property values

Councilmember Ransom expressed concern about the budget reduction related to street crime enforcement and substitution for traffic enforcement. He added that Council may want to reconsider its long-term financial plans and how it puts money into reserves, given the number of capital projects. Mr. Burkett concurred, noting that the City should consider the implications of reduced revenues in the future.

(b) Tax Incentives for Multi-Family Housing

Jan Knudson, Economic Development Coordinator, acknowledged the contribution of Human Services Coordinator George Smith in preparing the staff report. She reviewed the report, noting the proposal to use North City as an example of how tax incentives might be used to encourage redevelopment. She explained that the ten-year exemption applies to multi-family housing and the residential component of mixed use developments. She said that cities using this program expressed enthusiasm for it and it should make areas like North City more attractive to developers.

Ms. Knudson demonstrated the financial impacts of a tax exemption for an 85 unit project. She explained the difficulty in determining cost figures for increased demand for services. If Council is interested in pursuing this, she said she could return with a more detailed analysis of the incremental costs.

Mr. Burkett said he had discussed this proposal with the Superintendent of Schools and the Fire Chief. The former was supportive, since there is excess capacity in North City area schools, and the latter had no objections. Mr. Burkett concluded that after the abatement period, all taxing districts would gain from redevelopment.

Ms. Knudson noted that land values are high in North City, and several projects have not proceeded because of this. She said the tax abatement does not save developers a great deal of money, but they benefit when seeking other funding if the City has shown a commitment to redevelopment by having such a program.

Ms. Knudson concluded that staff recommends designating North City as a residential target area. Following this determination, Council would adopt criteria and standards by which applications would be judged. The City would review the application and, upon approval, enter into negotiations and a contract specific to the project. She said staff is looking for Council consensus to return with a more detailed cost/benefit analysis and a draft resolution notifying the public of Council's intent, followed by a public hearing and regulations.

Mr. Burkett emphasized that staff does not see the incremental costs as an obstacle to this program.

Mayor Jepsen called for public comment.

(a) LaNita Wacker, Shoreline, supported the tax abatement concept, noting that redevelopment will generate new revenues. She felt tax incentives for business investment should also be considered.

**At 8:01 p.m. Councilmember Gustafson was called away from the meeting for a family emergency.**

(b) Katherine Tamaro reported that she is trying to develop a project on 15<sup>th</sup> Avenue in North City and is seeking financing from the State Housing Finance Commission in January. She said the State looks much more favorably on a project when the local jurisdictions indicates a willingness to share costs. She said her project will be for low to moderate income families. She was very much in favor of tax incentives.

(c) Ginger Botham, Shoreline, noted that the issue of how to provide low income housing came up during the development of the Comprehensive Plan. She explained how other cities provide this public benefit. She asked Council to think about how to provide low income housing.

(d) Mike McMahon, Lake Forest Park, spoke as the owner of the property Ms. Tamaro is interested in developing. He reported that in the multi-family market, only developers of low income housing are building in the current economic environment. He said the City will not lose very much tax revenue from this approach and may gain the rebirth of North City.

Councilmember Hansen supported the tax incentive program.

Councilmember Ransom noted that materials from the National League of Cities indicated that older cities "got into trouble" with such programs. He asked staff to

research this and find out what the circumstances were. Mayor Jepsen responded that cities can avoid difficulties by having criteria so that not every project qualifies.

Deputy Mayor Grossman said true tax increment financing can pose difficulties because the city does capital improvements based on money borrowed and to be paid back with the tax differential. This is not the staff proposal. The other potential problem is an unanticipated increase in demand for services.

Continuing, Deputy Mayor Grossman advised that development should be in compliance with the North City vision of mixed use. He also felt a minimum number of units should be determined that would make this approach worthwhile. He did not want to end up with a giant subsidized housing project in North City.

Councilmember Montgomery supported the proposal in order to “jump start” development North City, with the qualifications mentioned by Deputy Mayor Grossman.

Councilmember Chang was generally supportive of the program, but he expressed concern about the possibility that it might decrease the value of adjacent homes or the quality of the neighborhood. He felt conditions should be set beforehand to minimize such impacts. He also felt the new service demand must be evaluated carefully.

Mayor Jepsen said one of the challenges is to accomplish the City’s goals while allowing the developer to accomplish his goals. He emphasized the importance of implementing the North City design guidelines. He said it makes sense to have a minimum number of units. Finally, he thought the Council should consider mixed use developments.

Ms. Knudson clarified that at the core of North City, mixed use is required by the plan. However, development north and south can be simply residential.

Mayor Jepsen said the developments should reflect a mix of incomes and that Shoreline’s approach should help the City meet the Comprehensive Plan housing targets.

Mr. Burkett said staff will put safeguards in place so that the pitfalls mentioned by Councilmembers can be avoided.

Mayor Jepsen expressed Council consensus to move forward with this program. He doubted that regulations would be in place in time to assist Ms. Tamaro’s application to the State Housing Finance Commission. Ms. Knudson responded that staff can come back with a resolution of intent to adopt such a program and then hold a public hearing and adopt regulations.

(c) Amber Alert Program

Police Chief Denise Pentony briefed Council on the Amber (America’s Missing Broadcast Emergency Response) Alert Program, which King County is joining. The goal

of the plan is to save children who are kidnapped by early announcement of a missing child through various means. She emphasized that the program has already proved itself.

Responding to Councilmember Ransom, Chief Pentony said this program will be used for juveniles up to the age of 18. The requirement of waiting 24 hours to file a missing person's report applies only to adults.

(d) City Hall Site Selection Criteria

After explaining the reasons why we are looking for a "home" for the city organization, Eric Swansen, Senior Management Analyst, reviewed the selection criteria for the siting of city hall as listed on pages 22 – 24 of the Council packet. He emphasized that staff will "cast a wide net" and then develop a negotiation process for the sites that come to the top of the list after applying the two-step criteria. Only sites that meet the first sort criteria will be reviewed with the second set of criteria. He said that both the size of the site and the type of building it could contain are factors in the cost.

Mayor Jepsen asked for public comment.

(a) LaNita Wacker, Shoreline, said there is a concern that a city hall would be placed on commercial property that would then be taken off the tax rolls. She suggested a mixed use concept with retail, city hall, and possibly residential all in the same building. She also suggested Councilmembers view the Edmonds City Hall and think about how the design might transfer to Shoreline. She concluded that a city hall with a "village green" would be inviting.

Councilmember Montgomery supported the order of the criteria and liked the ideas of mixed use and a village green.

Councilmember Chang agreed with Ms. Wacker that the city hall should not use prime commercial property that would otherwise generate revenue for the City.

Mayor Jepsen suggested deletion of the "citizenry access to city services" because he did not think population density is a critical factor in locating a city hall. He also felt that "parcel size and shape relative to needs" should be deleted, since the cost criterion covers the compromise that will come into play in making the decision. He also suggested rewording of the "sustainability/environmental—remediation required" criterion to highlight positive actions that could be taken.

Councilmember Hansen was looking forward to seeing a list of the sites being considered.

Councilmember Ransom wanted to include consideration of the Cromwell Park site since it is not a Forward Thrust Park with Forward Thrust funding limitations on use. He said the park should be free and clear for anything the City wants to do with it.

Mr. Swansen said a number of sites will be considered, and nothing in the criteria excludes that site.

Councilmember Ransom concluded the discussion by concurring with Mayor Jepsen that population density should not be considered.

6. ACTION ITEMS

Mayor Jepsen received Council consensus to consider Item 6(b) before Item 6(a).

(b) Naming of the Skateboard Park

**Councilmember Ransom moved to consider naming the skateboard park after former Mayor Connie King by sending this suggestion to the Parks, Recreation and Cultural Services Advisory Committee for its review according to the Parks Naming Policy. Councilmember Hansen seconded the motion.**

Councilmember Ransom commented on former Mayor King's contribution to providing the impetus for building a skate park and her perseverance in advocating for it.

**A vote was taken on the motion, which carried unanimously.**

- (a) Motion to approve Critical Areas Special Use Permit to allow construction of an assisted care residence to be completed at 14900 1<sup>st</sup> Avenue NE by Aegis of Shoreline LLC and to adopt the Findings, conclusions and Recommendations of the Hearing Examiner dated August 26, 2002

**As he did last week when this item was first considered, Deputy Mayor Grossman stepped down from the Council table and left the meeting at 8:42 p.m.**

The City Clerk said the following motion, postponed from the meeting of October 14, 2002, was on the table: "Councilmember Gustafson moved to approve the Critical Areas Special Use Permit to allow construction of an assisted care residence to be completed at 14900 1<sup>st</sup> Avenue NE by Aegis of Shoreline LLC and to adopt the Findings, Conclusions, and Recommendation of the Hearing Examiner dated August 26, 2002, with the two changes suggested by staff to Recommendations A8 and C1. Councilmember Montgomery seconded the motion. Councilmember Ransom moved to add language to A8 to say 'The intent is not to drain the pond, but to maintain it and allow fish access to it.' Councilmember Gustafson accepted this as a friendly amendment."

City Attorney Ian Sievers reviewed two options (A & B) for written Findings, Conclusions and Decision of Critical Areas Special Use Permit for Aegis Assisted Living [Project File No. 201092]. He said the first option was substantially what is currently on the table with certain corrections discussed last week but not included in the motion. Option A includes language that "the intent is not to drain the pond, but to maintain it and allow fish access to it." Option B does not include this language.



Mr. Sievers did not feel comfortable that the record indicates an approach with regard to fish barrier removal. He noted that the Development Code directs removing fish barriers as a mitigation for buffer encroachment, but it does not direct how fish passage is to be accomplished. According to a letter from Doug Hennick of the Washington Department of Fish and Wildlife (WDFW), the barrier must be removed, but there is no detail or recommended technique. For the sake of clarity, it was suggested that the motion on the floor be voted down and one of the two options be selected as a new motion.

Mayor Jepsen asked if the fish barrier is located on the Aegis property. Mr. Sievers responded that the barrier is located off the property within the I-5 right of way controlled by the Department of Transportation.

Councilmember Ransom noted that the reason for his amendment is to include the intention of maintaining Peverly Pond and allowing fish access to it.

Mayor Jepsen said the motion on the floor is not represented by Option A nor B, and should therefore be voted on before addressing other options.

Councilmember Hansen expressed concern about implementing additional requirements regarding the fish barrier, given that the barrier is located on Washington State Department of Transportation property. He felt the state should use its professional judgement and determine what is best for that particular site.

Councilmember Chang said he discussed his concerns with the City Attorney regarding the building permit on the south building, given that the north building is in litigation. He also commented on last week's meeting and the confusion surrounding the Aegis presentation. He understood that the SEPA requirement requires the developer to remove the fish barrier.

Mr. Sievers clarified that the "best efforts to remove" clause began as a SEPA condition on both parcels, noting that the Hearing Examiner duplicated that condition as one of his recommendations. He added that there have been no efforts to comply with the condition.

**A vote was taken on the motion, which failed 0 –5.**

**Councilmember Hansen moved to adopt the Findings, Conclusions and Decision regarding the Critical Area Special Use Permit for Aegis Assisted Living [Project File No. 20109] as set forth in Option B. Councilmember Montgomery seconded the motion.**

Councilmember Ransom urged Councilmembers to support Option A instead, emphasizing the importance of conveying the City's policy intent to maintain the pond

and allow fish access to it. He also noted the potential difficulties that could arise from draining the pond and creating a new standard for buffer measurements.

Councilmember Montgomery expressed support for Option B, asserting that it is a more appropriate motion than Option A.

Councilmember Hansen preferred not to make a statement of intent, but to allow the professionals to determine what is best for Peverly Pond. He said even if the pond changes, there will be no redefinition of borders because the development will be based on Peverly Pond as it presently exists.

Councilmember Chang asked whether Option A, with Councilmember Ransom's statement of intent to maintain the pond, could be legally enforced.

Mr. Sievers noted that Option A may negatively influence the way the approach is taken. He raised the possibility that Aegis may not employ the best approach, noting that it would be preferable to consult with WDFW.

Councilmember Chang asked if the state would consider the proposed language or simply make its own decision.

Councilmember Hansen noted that the question relates to who has the final authority over the fish barrier. He expressed his opinion that WSDOT has the final authority.

Mr. Sievers affirmed that WSDOT has the final authority to the extent that it wishes to take a formal position on the issue.

Councilmember Chang then asked what decision Council was making if it has no authority to enforce it.

Mr. Sievers replied that it is an opportunity to encourage Aegis to move the project forward by fulfilling the mitigating SEPA condition and paying for permitting and the cost of removing the barrier.

Councilmember Ransom reemphasized the need to convey a clear intent not to eliminate Peverly Pond. Councilmember Chang concurred.

Mayor Jepsen asked for clarification about a letter from the Thornton Creek Alliance relating to buffer restoration in the riparian corridor. Mr. Sievers noted the letter contains recommendations relating to buffers alongside the stream, but does not include anything about the fish barrier.

Mayor Jepsen expressed support for Option B, noting that the Thornton Creek Alliance does not include the fish barrier in its recommendations for the riparian corridor. He expressed appreciation for the letters and comments he received on the issue, and

suggested that Council approve Option B because WDFW is the appropriate body to make an expert determination.

Councilmember Ransom complimented Hearing Examiner Burke for providing a clear recommendation and addressing the relevant issues. Councilmember Hansen concurred.

**A vote was taken on the motion, which carried 3 – 2, with Councilmembers Chang and Ransom dissenting, and Option B adopting the Findings, Conclusions and Decision regarding the Critical Area Special Use Permit for Aegis Assisted Living [Project File No. 20109] was approved.**

Councilmember Ransom stated that despite his dissenting vote, he is in full support of the Hearing Examiner's recommendation.

7. PUBLIC COMMENT

(a) LaNita Wacker, Shoreline, responded to Councilmember Ransom's prior comments regarding City Hall, noting her intimate familiarity with the issues surrounding Cromwell Park. She gave a brief history of the area, noting that Cromwell Park was selected based on specific promises to the neighborhood that the courthouse would be located in the northwest corner of the property. She emphasized the importance of using tax dollars wisely and keeping promises made to the public.

(b) Ginger Botham, Shoreline, speaking on behalf of the Highland Terrace Neighborhood, mentioned the Shoreline Community College/ Highland Terrace Elementary Parking & Traffic meeting. She felt the continuance on the Aegis discussion was worthwhile because of the complicated nature of the issues involved. She expressed appreciation for Hearing Examiner Burke's presentation, which she found to be clear, organized, and specific. She mentioned the Korean language voter guide campaign as reported in a Shoreline newspaper, and commented on the increasing level of ethnic diversity in the population.

Responding to Ms. Wacker's comments about Cromwell Park, Councilmember Ransom noted that the two-acre allotment for the district court was created when the school property and adjacent park were combined. He noted that the two acres occupied by the court is clear and distinct from the remaining property. He speculated about the future of the property and assumed that the county would keep the court in its current location.

8. ADJOURNMENT

At 9:36 p.m., Mayor Jepsen declared the meeting adjourned.

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Sharon Mattioli, CMC

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