

CITY OF SHORELINE

SHORELINE CITY COUNCIL

SUMMARY MINUTES OF REGULAR MEETING

Tuesday, November 12, 2002
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

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

ABSENT: Councilmember Montgomery

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 with the exception of Councilmember Montgomery.

Upon motion by Councilmember Hansen, seconded by Councilmember Gustafson and unanimously carried, Councilmember Montgomery was excused.

3. CITY MANAGER'S REPORT

Steve Burkett, City Manager, called attention to tonight's amended agenda, noting the addition of Item 8(b), Department (Budget) Presentations.

4. REPORTS OF BOARDS AND COMMISSIONS: none

5. PUBLIC COMMENT

(a) Paul Colvin, Shoreline, expressed dissatisfaction with the fact that 12th Ave. NE will not be plowed by the City this winter. He said he filed a complaint with the Customer Response Team, who said the City does not have responsibility for 12th Ave. NE. He stated that if it snows, he will not have access to his residence. This is particularly distressing because he will be on crutches for six months.

(b) Daniel Mann, Shoreline, reminded Council of his request to remove the Aurora Corridor video because it leaves the wrong impression about funding sources. He expressed opposition to the budget for the Aurora Corridor Project, noting that the money could be better spent on more meaningful projects such as park acquisition. He said the

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City has sufficient funding to accomplish a less intrusive project without jeopardizing its credit rating.

(c) David Townsend, Shoreline, urged Council to be more proactive in improving pedestrian traffic safety. He said the streets are not safe and that parents' greatest fear is losing a child. He said the City must be more aggressive, noting that prolonged traffic signal studies are a waste of money. He said tax money for the Aurora Corridor could be better spent on building infrastructure to improve neighborhood safety.

(d) Walt Hagen, Shoreline, concurred with Mr. Mann and Mr. Townsend. He said the majority of Aurora Avenue traffic accidents occur on the south end, so improvements should be made there. He said there are higher priority projects in the City than the \$30.8 million budgeted for Aurora. He asserted that a City Hall bond issue could hurt the school district's ability to pass future levies.

Mr. Burkett noted that the City is considering proposals to reduce street maintenance and snow removal due to a loss of funds resulting from passage of Initiative 776.

Responding to Mr. Hagen's comments, Mayor Jepsen said the City cannot replicate projects in Edmonds and Lynnwood due to state regulations. He noted that the December 9th Council meeting will provide more clarity on the Aurora Corridor Project.

Mr. Burkett clarified that the Aurora Corridor Project does not include funding from bonds, but from state and local grants. He said the City Hall Project does not propose a bond issue, and would not impact the school district's ability to approve or sell bonds.

Responding to Mr. Mann's comments, Councilmember Chang said the City could jeopardize the school district's ability to pass levies because of the tax burden on property owners due to the Aurora Corridor Project.

Deputy Mayor Grossman said the Aurora Corridor Project and City Hall Project are not related to the school district's ability to pass bonds.

6. APPROVAL OF THE AGENDA

Councilmember Gustafson moved approval of the amended agenda. Councilmember Hansen seconded the motion, which carried unanimously, and the amended agenda was approved.

7. CONSENT CALENDAR

Deputy Mayor Grossman moved adoption of the consent calendar. Councilmember Hansen seconded the motion, which carried 6-0, and the following items were approved:

Minutes of Joint Dinner Meeting of October 14, 2002

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Minutes of Regular Meeting of October 14, 2002
Minutes of Special Meeting of October 21, 2002
Minutes of Dinner Meeting of October 28, 2002
Minutes of Regular Meeting of October 28, 2002

Approval of payroll and expenses as of November 1, 2002 in the amount of \$709,021.89

Ordinance No. 316 amending the 2002 budget for the Unemployment Fund

Motion to authorize \$2,200 in mini-grant funds to the Innis Arden Neighborhood

Resolution No. 199 notifying the public of the City's intent to designate the North City Business District as a residential target area for the purpose of establishing a tax exemption program

Resolution No. 195 approving the thirteen lot final plat of the Viking Highlands Subdivision at 640 NS 180th St.

8. ACTION ITEMS: PUBLIC HEARING

- (a) Public hearing to consider citizens comments on the proposed 2003 budget, including the proposed property tax levy and other budget resources

Debra Tarry, Finance Director, provided a brief overview of the proposed 2003 budget and adoption schedule, focusing on revenue sources. She discussed the various revenue sources by category, noting that the 2003 budget includes a 1% levy increase plus any increase from new construction. Noting that less than 11% of the total property tax goes to City, she said the tax growth rate has decreased considerably due to Initiative 747 and slower development activity. There has been negative economic impact to the City due to slowed sales tax growth and loss of I-695 backfill funds. She outlined the 2003 market and inflation adjustments in permit and park fees, including an increase in surface water fees for 2003. She provided the following breakdown of capital expenditures by category: 1) Operating budget, 57%; 2) Capital Improvement Plan, 23%; 3) Interfund transfers, 19.5%. She explained the impacts of recent ballot measures, noting that I-776 reduces transportation revenues to the Street Fund. She said there is no budget impact due to the failure of Referendum 51, although its passage would have included \$10 million for Aurora and \$130,000 in annual transportation revenues.

Mayor Jepsen opened the public hearing.

(a) Ken Cottingham, Shoreline, questioned the City's accounting process with regard to Capital Improvement Plan (CIP) projects, including the Aurora Corridor Project. He said a comparison of prior budgets tells him that money is inappropriately transferred from one project to another without public knowledge. He expressed concern that Council is considering service cuts and tax increases even though there are adequate funds in the budget.

(b) Daniel Mann, Shoreline, said Council must recognize that people are skeptical about how public funds are spent. He cited Referendum 51 as an example of voter dissatisfaction, noting that people are not getting value for their money. He said actual costs of the Aurora Corridor Project have not been fully disclosed, nor its impacts to the public. He urged Council to be careful with budget funds in difficult times. He favored using Aurora Corridor funds for parks acquisition, noting that there is potential for 90 acres in Fircrest.

(c) Paul Colvin, Shoreline, commented that neighbors on 12th Ave. NE have been paying taxes but have not seen any road improvements. Noting Mr. Burkett's comments regarding reduced transportation revenues, he said the City should consider cutting back the \$15.1 million for City Hall, describing it as an extravagance. He said the City should cut back on City Hall to restore transportation losses due to Initiative 776.

Mayor Jepsen noted that the proposed budget does not radically cut services or raise taxes.

Upon motion by Councilmember Hansen, seconded by Councilmember Gustafson and unanimously carried, the public hearing was closed.

Councilmember Ransom expressed concern that the change from a flat fee to an hourly fee for facility rentals in the Parks budget represents a substantial increase.

Ms. Tarry said the intent was to change to an hourly rate without a significant increase in overall fees.

Wendy Barry, Parks, Recreation and Cultural Services Director, said athletic staff completed an exhaustive analysis of the hourly rate proposal, noting that initial calculations suggest there will be no net increase in overall fees. She assured Council that the department will continue to monitor athletic activity to ensure initial calculations are accurate. Responding to Councilmember Gustafson's question about the practice in other cities, Ms. Barry said most cities already utilize an hourly rate. Councilmember Gustafson wished to ensure that rates do not increase under an hourly fee schedule. He said fees for athletic fields will increase, since most practices last over an hour.

(a) Department Presentations

Debra Tarry, Finance Director, summarized the Public Works 2003 budget, noting that it is less than 2002 due to carry-overs and one-time expenditures. She explained the

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proposed budget includes the addition of three new positions and staffing reorganization not requiring budget adjustments.

Paul Haines, Director of the Public Works Department, presented an overview of the Public Works budget. His discussion included the following points:

- Public Works key objectives include: 1) Implementation of the 2003-08 CIP; 2) expanded traffic and pedestrian safety activities; 3) development of a Surface Water Comprehensive Plan; 4) implementation of best management practices to meet surface water quality goals; 5) development of a Transportation Master Plan; 6) improving the quality of right-of-way improvements; 7) improving the quality and responsiveness of customer services.
- Filling key positions will be an important aspect in clarifying the scope of all CIP Projects, improving project delivery, and properly utilizing consultants.
- Expanded traffic/pedestrian safety activities will include developing crosswalk and streetlight standardization, traffic signal management plans, arterial/collector traffic/pedestrian safety solutions, sidewalks, and signage.
- Development of the Surface Water Comprehensive Plan will identify long-range maintenance and capital needs and long-term funding policies.
- The City will implement the best management practices in order to meet surface water quality goals. The effort will focus on baseline water quality information, street sweeping, and pre/post CIP projects to determine if techniques provide a benefit to the quality of surface water systems.
- Development of a Transportation Master Plan will assist in identifying long-term road maintenance needs and investment strategies. The biggest challenge will be to prioritize the CIP.
- Given the increase in costs for NRF services, the department will explore more efficient and cost-effective methods for long-term maintenance of public right-of-ways. The department will compare in-house service delivery with contracted services and interagency agreements to find the most effective solutions.
- A reevaluation of the tree inventory process will identify right-of-way infill needs and fulfill the urban forestry plan.
- The department plans to implement a system of internal monitoring and customer surveys to improve the quality and responsiveness of customer service.
- One-time investment pools and carryover accounts for changes from 2002 to 2003.
- The 2003 budget proposes the following additional staff with no net budget impact due to displacement of contract personnel: 1) Administrative Assistant for major projects such as Aurora and Interurban Trail; 2), Engineering Technician supported through the CIP; and 3) Traffic Engineer.
- The cuts proposed to respond to the loss of \$484,000 in funding that will result from the passage of Initiative 776 include: 1) reducing operating expenditures in the City Street Fund totaling \$185,000; 2) reducing Capital Improvement funds, including cuts in Street Overlay, Sidewalk Repair, and Curb Ramp funds, totaling \$300,000.

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- Alternatives to reductions in Street Overlay include: 1) Operating budget reductions in the Tree Maintenance Program, ROW Maintenance, Street Sweeping, Engineering technician (traffic); 2) One-time funding from Reserves.
- The department also considered other reductions, including Street Lights, Capital Purchases, and Personnel.

Mayor Jepsen asked if the proposed reductions would eliminate the two FTEs supported in the CIP. Mr. Haines said the FTEs would remain because reductions would occur in professional and intergovernmental services that the CIP normally covers. He noted that no amendment is needed to cover FTEs.

Councilmember Gustafson asked if the City was changing its philosophy on hiring in-house staff versus contract service. He suggested it might be preferable to hire contract work as opposed to hiring in-house staff because it is easier to adjust to economic cycles.

Mr. Haines noted the importance of hiring in-house staff to overcome some of the difficulties associated with project delivery. He stressed the need for in-house accountability and ownership, noting that large and complex projects require direct oversight and responsibility. He added that no additional FTEs will result from the change.

Mayor Jepsen said if FTEs are funded through the CIP, they should only remain as long as their specialized expertise is needed for a given capital project. He emphasized the importance of tracking FTEs according to capital or operating budgets.

Councilmember Hansen said it was not a change in philosophy but more of a balancing of in-house work versus contract work. He was confident the City would continue to utilize contract work despite the change.

Mayor Jepsen wished to ensure that the budget reflects the \$966,000 transfer in Road Capital Projects to the CIP, noting that the City should not rely on unpredictable funds from the state. Ms. Tarry said the 2003 budget reflects that ongoing practice.

Councilmember Hansen expressed caution about using reserve funds for non-emergencies, noting that the present time does not constitute a real emergency. He suggested that staff prepare a provisional reduction proposal since cuts may not be necessary due to legal challenges to Initiative 776. He said if voters genuinely want to cut road fund revenues, then such expenditures should be cut from the 2003 budget.

Councilmember Ransom concurred, noting that the Street Overlay program relates to the principles of I-776. However, he stressed the importance of obtaining accurate information on how Shoreline citizens voted before making any proposed reductions.

Councilmember Hansen said current information indicates that County voters approved I-776 by approximately 66%.

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Councilmember Ransom expressed support for the NRF program, despite the County's decision to increase costs. He acknowledged Mr. Cottingham's remarks regarding CIP projects and wanted to ensure that all projects, whether funded or not, are maintained on a list.

Mr. Haines responded that the department will develop a 20-year, comprehensive list that will cover all proposed projects.

Ms. Tarry noted that the 2003-2008 CIP included unfunded projects in order to keep track of them until master plans could be completed.

Mayor Jepsen expressed his desire to preserve the Street Overlay program, noting his concern that cutting the program now will only create bigger problems later.

Responding to Mayor Jepsen, Ms. Tarry explained that total allocations from the General Fund to Transportation total \$1.4 million, noting that the budget proposes capital reductions in the Street Overlay and Sidewalk and Curb Ramp Programs.

Mayor Jepsen emphasized the need to look at the costs of key objectives in order to determine what areas to reduce. Mr. Haines responded that the breadth of objectives goes beyond what is described in the budget.

Mayor Jepsen noted that the Operations Division represents much more than Street Operations, a total of 20 FTEs. He asked staff how many FTE's were allocated to street operations.

Ms. Tarry said the 2003 budget proposes 9.8 FTE's within the Street Fund itself.

Responding to Mayor Jepsen, Ms. Tarry explained that the Street Overlay program moved to the CIP in 2002, noting that the Street Fund totals \$2.9 million.

Councilmember Ransom asked why the street overlay program is not part of the operating budget since it involves routine maintenance.

Mr. Haines said the public bidding laws the City is obligated to follow recognize laying asphalt as a capital improvement, not maintenance. He explained that the \$700,000 dedicated to Street Overlay is a complete package including everything from crack sealing to structural overlays. He noted that only overlays were performed in 2002 due to unsatisfactory slurry seals in 2001. He also noted the increasing difficulty in finding contractors that can provide such services.

Mr. Burkett said staff analyzed Street Fund expenditures and arrived at a recommendation to cut \$500,000 from \$2.9 million for items that would have the least impact on services. While the City would prefer not to cut street maintenance at all, he said the analysis shows that staff considered all priorities and proposed the least painful cuts.

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Mr. Haines said some cities consider streets a utility, noting the need to develop creative approaches and explore long-term funding solutions.

Mayor Jepsen felt more should be cut from Operations. He was concerned that the overlay program was being reduced too much.

Councilmember Ransom noted that Council recently discussed investing more money in road repairs on a consistent basis in order to reduce the long-term cost of rebuilding. He expressed concern that maintenance cutbacks will result in larger expenditures in the future.

Councilmember Chang expressed support for using reserves to fully fund street maintenance in 2003. He emphasized the importance of maintaining roads and spending transportation money wisely, noting that people get upset with government because of wasteful decisions. Alluding to recent transportation measures, he said voters are testing the leadership to see how they will respond.

Mayor Jepsen concurred about restoring the Street Overlay program, but disapproved of using reserves for ongoing expenditures.

Councilmember Hansen said much of the budget is allocated to specific projects, noting that reserves are dedicated and cannot be used to subsidize the operating budget.

Mr. Haines, concurred, noting that some funds are leveraged by other revenues.

Ms. Tarry said some capital funds are legally restricted for capital purposes, noting that the CIP would require reevaluation if funds are diverted from other functions.

Deputy Mayor Grossman asked staff to clarify how much of the \$6.3 million in reserves would be used in 2003. Ms. Tarry said \$1 million is dedicated to the City Hall Project, and \$500,000 is dedicated as an emergency contingency. Deputy Mayor Grossman expressed support for preserving the reserve fund, noting that the City does not have an emergency but a structural problem.

Councilmember Chang said the Council should have had a contingency plan if I-776 passed instead of voting on whether or not to endorse it two months ago. He said taxpayers have been paying enough to establish large reserves for the past six years, so Council should cover the Street Overlay program for 2003 and plan for 2004 next year.

Councilmember Ransom expressed support for making the required reductions now, noting that future years will be even worse in terms of transportation revenues. He said the state is not going to provide any answers, and Councilmembers Gustafson and Hansen concurred.

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Mayor Jepsen summarized Council opinion, noting that two Councilmembers favor preserving the Street Overlay program.

Councilmember Gustafson agreed with the recommended reductions but expressed an interest in exploring other options.

Mayor Jepsen briefly reviewed the departmental budgets and noted Councilmembers' interest in several items, including SWM fees, museum /arts council funding, and performance measures for the City Manager and Police.

Mr. Burkett noted that staff would outline the policy on undesignated reserves next week.

Councilmember Gustafson expressed interest in learning more about the City's investment policy. He added that he hoped Council would consider funding the YMCA Youth Council.

Mr. Burkett concluded the discussion by stating that staff would bring forward some other alternatives at the next workshop.

MEETING EXTENSION

At 10:00 p.m. Councilmember Hansen moved to extend the meeting until 10:30 p.m. taking public comment at 10:15 p.m. to ensure that speakers had an opportunity to address the Council. Councilmember Gustafson seconded the motion, which carried 6 – 0.

9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS

- (a) Motion to authorize the City Manager to execute a design contract and construction contracts for Paramount School Park up to a maximum of \$1,830,052

Mr. Burkett said this item covers two issues. First, as City Manager he does not have the authority to enter into contracts up to the \$1.83 million in the approved CIP budget for the Paramount School Park. Second, due to budgetary limitations, some "stand alone" elements that were originally in Phase 2 of the plan cannot be completed at this time. Three timing and funding options to address this issue were presented: complete the work on a project-by-project basis in the 2004 CIP; do not complete the unfunded elements; or find more funding and complete the elements now.

Ms. Barry provided the staff report, noting that Paramount School Park was greatly improved over what existed previously. She explained that the contractor has not been as responsive as staff anticipated, noting that problems developed relating to cost estimates. She noted that the Skate Park was not previously envisioned at the time the master plan was developed.

Mr. Burkett said Council was asked in January to consider integrating both phases of the project and negotiate a "change order" instead of proposing an entirely new project. He said the City ran into problems with the projected costs, which presently exceed the budget for Phase 2.

Continuing, Ms. Barry said the City is currently negotiating the final scope of the addition with the contractor. She said the public will be able to enjoy the additional amenities of a public restroom, parking lot, circular path, and play area as soon as the contract work is accepted. She said the facility is close to becoming a fully developed City park where a weed patch existed previously. She noted that staff is recommending Option #1.

Mayor Jepsen moved on to Item 10.

10. PUBLIC COMMENT

(a) Daniel Mann, Shoreline, urged Council to consider the effect of the economic downturn on merchants. He expressed support for the Street Overlay program and related measures that enhance infrastructure and safety. He encouraged Council to undertake a more reasonable, modest plan for Aurora Avenue.

(b) Ken Cottingham, Shoreline, expressed skepticism about the Aurora project and said the City should consider improving east-west traffic if it is unable to implement the entire three-mile project. He supported the idea of hiring a traffic engineer, building pedestrian islands, and contributing to Aurora Avenue's north-south traffic capacity. He said there was more north-south "green time" on traffic signals in the past, and noted a problem with intersections at 165th Street and Aurora Avenue and 170th Street and Aurora Avenue. He encouraged Council to install temporary lighting on Aurora Avenue during construction to improve safety. He also urged Council to consider spot improvements on Aurora and to preserve the Street Overlay program.

Returning to Item 9(a), **Councilmember Ransom moved to authorize the City Manager to execute a design contract and construction contracts for Paramount School Park up to a maximum of \$1,830,052. Councilmember Hansen seconded the motion, which carried unanimously.**

Councilmember Ransom expressed support for Option #3, "Find more funding and complete the elements." He felt that Paramount Park improvements should be completed due to the prolonged nature of the process.

Mayor Jepsen expressed support for a version of Option #3, noting that much work still needs to be completed.

Believing Council will eventually choose Option #3, Councilmember Hansen expressed a desire to find out the specific costs for the elements before making a decision.

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Councilmember Gustafson suggested that the Parks, Recreation and Cultural Services Advisory Committee (PRCSAC) prioritize the remaining elements and make a recommendation to Council.

MEETING EXTENSION

At 10:30 p.m. Councilmember Ransom moved to extend the meeting until 10:45 p.m. Councilmember Gustafson seconded the motion, which carried 5 – 1, with Deputy Mayor Grossman dissenting.

Deputy Mayor Grossman expressed doubt that PRCSAC could prioritize the remaining elements without knowing how much money is available, but Mayor Jepsen said it could prioritize the remaining items and explore funding options.

Councilmember Ransom noted the importance of finishing the work because the City's credibility is at stake. He agreed that the sidewalk and parking are priorities, but felt it would require \$400,000 over the original estimate.

Ms. Barry noted that the consultant's original master plan estimate was \$2.3 million, but the City did not have adequate funds, so it opted for a phasing proposal totaling \$1.1 million.

Mr. Burkett said it is difficult to make comparisons with the original master plan because it included different elements. For example, it did not include the skate park.

Mayor Jepsen suggested that staff reexamine the list of priorities, consider funding options, and look at the permit expiration schedule. He asked if the City is obligated to complete street improvements as a result of permit approval.

Ms. Barry said the code requires completion of street improvements within six years. She noted that it would be logical to construct parking and complete frontage improvements simultaneously.

Mr. Burkett concluded the discussion by stating that staff will return with a suggested prioritization of the unfunded items and recommendations for funding.

(a) City Hall Space Needs Analysis Revisions

Due to the lateness of the hour, this item was postponed.

11. ADJOURNMENT

At 10:40 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli, City Clerk

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