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CITY OF SHORELINE

SHORELINE CITY COUNCIL

SUMMARY MINUTES OF WORKSHOP MEETING

Monday, November 18, 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 6:30 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 exceptions of Councilmember Ransom, who arrived at 6:35 p.m., and Councilmember Hansen, who arrived at 8:20 p.m.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

Steve Burkett, City Manager, announced that the Final Environmental Impact Statement on Phase 1 of the Aurora Corridor project will be available at the end of next week.

4. COUNCIL REPORTS

Councilmember Chang reported on the success of the Shoreline Chamber of Commerce auction and on Asian Resource Day at the Shoreline Center. He encouraged citizens of Asian descent to register as bone marrow donors.

5. WORKSHOP ITEMS

- (a) Work Program to Address Council Goal #8 (Water Quality)

Bob Olander, Deputy City Manager, introduced this item and the two lead staff, Anna Kolousek, Planning and Development Services Assistant Director, and Paul Haines, Public Works Director.

Ms. Kolousek described the background on the work program to develop a water quality and environmental program to comply with state and federal regulations. She outlined

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the relevant regulations and laws and then described the elements of the work program, which include: 1) development of the Surface Water Master Plan; 2) an update of environmental policies, procedures, and regulations; and 3) the near term action plan for compliance with the Endangered Species Act. Her presentation included the following points:

- The City has been working on a comprehensive approach to comply with state and federal requirements since 2000. It began active participation in the Water Resource Inventory Area (WRIA-8) in January 2001, and adopted regional road maintenance Endangered Species Act program guidelines in May of 2002. This year, the department began amending the Development Code critical area regulations, and is currently in the process of reviewing the draft reports for stream and wetland inventories.
- The Growth Management Act (GMA) requires updates of critical area policies and since 1995 has required updates to include "the best available science." Development of a surface water master plan will include the following:
 - 1) Finalization of stream & wetland inventory and assessment reports;
 - 2) Identification of National Pollution Discharge Elimination System Phase 2 requirements (identification of the best management practices and measurable goals for water quality improvements);
 - 3) Development of schedules for storm drainage maintenance;
 - 4) Storm water modeling, a requirement under the Clean Water Act which will also determine system insufficiencies
 - 5) Identification and prioritization of Capital Improvement Plan project needs and costs;
 - 6) Development of long-range financial/rate plans for storm water operations and maintenance;
 - 7) Updating the storm water manual to include revised road maintenance guidelines.
- Updating environmental policies/procedures and development code regulations will include the following:
 - 1) Compliance with GMA provisions requiring the "best available science in developing policies and regulations to protect functions and values of critical areas." The City will provide revisions to regulations after the stream inventory provides clear identification of site-specific best available science for the City. While the GMA requires best available science, it is important to maintain a balance and identify all GMA planning goals when preparing critical area regulations.
 - 2) Preparation of a Shoreline Master Program (SMP), policies that regulate development within shorelines of statewide significance. The City will not begin the process until 2003 due to delays in state guidelines.
- Preparation of a near-term action plan to comply with ESA recovery of Puget Sound chinook salmon will require active participation in WRIA-8 and consideration of the WRIA-8 Near Term Action Agenda (NTAA). The City will review all NTAA guidelines and determine the applicable policies and programs for the City. The City will select appropriate regulatory, educational and public

involvement methods, as well as consider adaptive management and enhancement activities.

Responding to Councilmember Ransom about the identification of all the waterways in Shoreline, Mr. Olander said the City expects the formal stream inventory to be available in approximately two months due to the City's intent to validate the science through peer review. He said the additional time is necessary in order to resolve any potential issues between peer groups. He explained that the first draft was sent back to the consultant for revision due to certain inadequacies. He noted that the City is taking extra steps because this is a critical issue which will have significant, long-term regulatory impacts.

Councilmember Ransom asked if there was agreement on the identified bodies of water in Shoreline. Mr. Olander said the streams and drainage channels appear to be correctly identified, but the major issue is stream classification using the appropriate scientific method.

Councilmember Ransom asked for clarification of the City's objective in terms of promoting fish habitat.

Ms. Kolousek explained that the "best available science" must first adequately clarify the functions and values of urban stream corridors before the City creates regulations and policies in accordance with GMA requirements. She noted that the City will eventually establish site-specific regulations because functions of stream corridors differ from place to place. She emphasized the need to rely on science to adequately describe wildlife and habitat requirements for fish and other species in order to determine what the environment will support.

Mr. Olander said the goal is to comply with all state and federal regulations, noting that staff will present Council with the minimum requirements for compliance. He added that Council can elect to meet or exceed those minimum requirements.

Councilmember Gustafson described the complicated nature of the process, noting that WRIA-8 is attempting to establish specific goals in some areas regarding fish populations and salmon recovery rates. He said although the WRIA-8 policy manual provides guidelines, it maintains that the "best available science" is always changing. He identified the stream inventory as a critical component in determining needs for Shoreline. He briefly discussed stream classifications, which include "core," "satellite," and "episodic," noting that McAleer Creek and Thornton Creek are considered "episodic" creeks in the WRIA-8 policy guide. He described the enormity of the process and the large number of habitat restoration projects planned in King County.

Mr. Haines noted that staff will continue to request Council direction in developing habitat and water policy.

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Councilmember Ransom asked whether minor streams such as Boeing Creek are mentioned in the WRIA-8 guidelines. Councilmember Gustafson said Boeing Creek is not mentioned, although the guidelines include McAleer Creek and Thornton Creek.

Mr. Burkett asked Councilmember Gustafson to elaborate on the core stream corridors identified in the region in terms of chinook salmon habitat.

Councilmember Gustafson identified three core areas, including North Lake Washington and its tributaries, the Cedar River and its tributaries, and the Issaquah Creek (Sammamish Watershed).

Mayor Jepsen asked if there was a similar report for WRIA-9. Councilmember Gustafson said he believed there was, although has not seen a copy of it. Mayor Jepsen expressed interest in obtaining a copy of the report.

Mayor Jepsen expressed interest in providing road standards as well as road maintenance standards in developing the Surface Water Master Plan so that both the environment and transportation are considered.

Mr. Haines said the City will create both a Transportation and a Water Quality Master Plan.

Noting that many scientists have conflicting opinions, Deputy Mayor Grossman asked who would determine what the "best available science" is.

Mr. Burkett acknowledged that not all scientists will agree on every issue. This is why peer review is needed to provide a complete analysis. He said the courts ultimately determine what the "best available science" is.

Given the wide scope of the process, Mr. Haines was optimistic that the City would be able to work through any differences in cases where there are conflicting opinions.

Councilmember Gustafson noted that WRIA brought together many different entities, including Friends of the Issaquah Salmon Hatchery, US Army Corp of Engineers, the departments of Ecology and Natural Resources, and the Washington Association of Sewer and Water Districts.

Deputy Mayor Grossman emphasized the need to proceed one step at a time through what is a complicated process, noting the existence of both scientific opinion and political interest. He asked staff how the City can meet the base regulations.

Mr. Olander noted that a single stream may contain a variety of different habitats and be classified using a variety of methodologies. He said depending on policy goals, Council may choose to improve habitat in some areas, whereas it may not be required in others.

Councilmember Gustafson expressed the need to partner with other entities in formulating policy since McAleer Creek and Thornton Creek cross jurisdictional boundaries. Mr. Haines responded that bordering cities are anxious to collaborate with Shoreline in policy development.

Councilmember Ransom asked for clarification on the classification of Twin Ponds and Thornton Creek, noting that the presence or absence of endangered species (salmon) appears to be the key issue.

Ms. Kolousek said although there is a way to measure the presence of endangered species, it is important to recognize that these issues are site-specific and should be viewed in that context. For example, in the case of Thornton Creek, she said the City would have to describe what it would take to promote salmon habitat, and then Council would put a value on that effort and decide whether to invest the necessary resources to achieve the desired result. She said the issue is more complicated than simply removing a fish barrier, noting that some areas may be more productive than others in terms of promoting fish habitat.

Mr. Olander noted that the City must not only comply with ESA requirements but with CWA obligations as well. He said the City must strike a balance between allowing fish upstream while also meeting downstream water quality goals.

Mayor Jepsen concluded that Council will await an update when the stream inventory becomes available in February.

(b) Continued Discussion of the Proposed 2003 Budget

Debra Tarry, Finance Director, responded to information requests that Council made last week relating to the following items: completion of 2003 Police performance measures; investment program/reserves; outstanding budget issues, including Surface Water Management fees, human service funding, museum funding, *Currents* newsletter, and I-776 reductions. Her presentation included the following points:

- The department estimates an additional \$100,000 reduction in 2003 revenues due to reduced Puget Sound Energy utility rates.
- The City's investments are managed through the State Investment Pool, which provides liquid investments at short-term rates. Interest rates are substantially lower than in recent years. Idle cash is invested on a daily basis to maximize returns, and the October average daily balance was \$34.5 million. Enhancing the investment program remains a key objective for 2003, and staff plans to present Council with a recommended investment strategy following an update of current policy.
- Reserves, or fund balances, are maintained according to Council policy. Reserves are primarily capital funds, many of which are legally restricted for specific capital purposes. Some reserve money is designated for known future expenditures such as equipment replacement. City policy dictates that 10% of undesignated funds be maintained in reserve for emergency purposes.

- The General Fund includes an annual operating contingency of \$250,000 and an insurance contingency of \$255,000.

Responding to Councilmember Gustafson, Ms. Tarry said the City has flexibility in investing reserve funds, although consideration should be given to balancing the rate of return with safety and liquidity. She said if Council desires greater rates of return, then the City must establish a sound, long-term investment policy.

Responding to Councilmember Gustafson, Ms. Tarry said investments are managed internally. Hiring a consultant would not be worthwhile due to the size of the City's portfolio.

Deputy Mayor Grossman asked if investments mature at the time the City anticipates using the funds in order to maximize returns. Ms. Tarry said the State Investment Pool employs mostly short-term investments, which allow the City to stagger investments to match the anticipated time of use.

Councilmember Ransom expressed concern that the \$20 million in restricted reserves came from the General Fund, noting that it could be returned or reallocated to something else.

Ms. Tarry said the challenge would be in identifying how much came from the GF and then identifying which portion represents GF versus legally restricted funds. She noted that the other issue is Council's six-year CIP in which the money is reserved for capital purposes. Continuing, Ms. Tarry made the following points:

- The proposed increase in the surface water fee is estimated to produce \$400,000 in annual revenue.
- 2002 human service funding included a one-time infusion of \$100,000 for emergencies. If Council decides to include similar allocations on an ongoing basis, staff would propose reductions in capital funds on an ongoing basis.
- Staff has discussed the merits of a two-year allocation to provide more funding stability for some programs.
- The advisory committee did not recommend the requested funding for the Teen Link program or the YMCA Youth Council.
- The Historical Museum and Arts Council have been funded on a per-capita basis. Both received inflationary adjustments in 2002, and 2003 includes a 1.7% increase for both programs.
- *Currents* is presently issued six times per year at an annual cost of \$8,300. If Council chooses to increase the frequency of publication, reductions will be required in other areas. The City currently utilizes several communication methods, including the Enterprise, the City website, the Government Access Channel, press releases, and regular project notifications.
- The City has proposed cuts in the following programs/positions to offset the losses due to I-776: street overlay program; sidewalk/curb ramp program; tree maintenance

program; ROW maintenance program; street sweeping program; proposed engineering technician.

Councilmember Montgomery called attention to the fact that some cities may continue to collect the Motor Vehicle Excise Tax despite I-776. Ms. Tarry said there has been some discussion that King County will continue to collect it due to bond obligations. Councilmember Montgomery disapproved of increasing the frequency of *Currents*, and expressed concern that eliminating tree and ROW maintenance could be detrimental to safety.

Councilmember Gustafson agreed with the staff recommendation to reduce the Street Fund, but opposed using reserves or increasing *Currents* publications. He supported funding for the Teen Link program and the YMCA Youth Council.

Noting staff's reluctance to reduce the street overlay program, Mr. Burkett pointed out that Council could opt to use \$200,000 from reserves, which would give the City one year to consider other funding options. He said a Bond Advisory Committee may provide funding solutions in the future.

Councilmember Ransom recommended a one-time \$100,000 funding package for human services, which would include money for the Historical Museum, Arts Council, Teen Link, and the YMCA Youth Council. He said there should be equity in the way the Museum and Arts Council are funded, noting that both were funded under the same capital formula. He expressed support for increasing the frequency of *Currents*, noting that Enterprise readership has declined in recent months. He agreed with the proposal to increase surface water fees.

Continuing, he brought up the issue of finding savings by combining the positions of Human Resources Director and Assistant City Manager. He felt the ratio of human resources staff to full-time employees did not justify more than one high-level position. He mentioned that his recommendation does not reflect on anyone personally.

Mr. Burkett noted that last year's restructuring changed some reporting relationships but did not alter workload requirements in both positions. He clarified that the Human Resources Director formerly reported to the City Manager, but now reports to the Assistant City Manager. He said he would have proposed staff changes if he felt it was necessary, noting that the Human Resources budget is fairly conservative compared to other cities. He said the City should consider consolidations and savings in the next few years if revenues do not increase.

Councilmember Ransom requested that staff provide salary surveys and job descriptions when dealing with the salary schedule.

Councilmember Chang agreed with the surface water fee increase and supported *Currents* at the present level. It was his feeling that Shoreline citizens did not support I-776, so he felt they should not be punished by a reduction in the overlay program. He

avored using reserves to fully fund the street overlay program, noting that it will cost more later if road maintenance is neglected. He asked if interest income is accounted for in the 2003 budget. Mr. Burkett said interest income is an estimated revenue source already calculated in the budget.

Deputy Mayor Grossman suggested that the City consider human service funding on a two-year basis to maintain consistency from year to year. He opposed the \$100,000 one-time funding for human services, citing the poor economy and the fact that Teen Link and the YMCA Youth Council were not ranked by the advisory committee. He emphasized the importance of honoring the process Council established, noting that other human service requests received higher priority. He felt Museum funding was adequate, although he did not understand why it had a different funding formula than the Arts Council. He felt the publication of *Currents* was adequate, although he suggested the City e-mail it to avoid printing costs. He opposed reducing the street overlay program, citing the higher, long-term costs of road maintenance. He also expressed skepticism about the constitutionality of I-776.

Mayor Jepsen supported preserving the overlay program because it is really ongoing operations, and because the problem will only get worse in later years. He asked about the proportion of cuts the staff was recommending in terms of the operating budget versus the capital budget. He was surprised to see staff's proposal to eliminate the engineering technician position, particularly since the position is a Council priority. He suggested a reclassification of positions instead of removing the engineering technician. He opposed using reserves for ongoing expenditures, and asked staff whether FTEs are associated with the proposed cuts in the Technology Plan and Subarea plan.

Ms. Tarry said FTEs are not associated with Technology Plan cuts, noting that only one limited-term FTE is dedicated to the Technology Plan. She explained that training and savings from the document management program account for the proposed cuts.

Mayor Jepsen expressed appreciation for the feedback he received regarding *Currents* and expressed support for publishing the six annual issues plus a budget issue. He agreed with Deputy Mayor Grossman about human services and opposed the surface water fee.

Responding to Mayor Jepsen, Ms. Tarry clarified that the \$505,000 GF reserve is a combination of \$250,000 emergency contingency and \$255,000 insurance contingency.

Councilmember Montgomery agreed that the timing is not right to increase funding for human services. She clarified that although she agrees with the \$200,000 reduction in street overlay, she has doubts about the proposed alternatives. She expressed support for the surface water fee increase.

Councilmember Ransom supported having the Customer Response Team (CRT) report to the Assistant City Manager to allow for independent complaint follow-up and to provide enhanced customer service. He supported the staff recommendation on the street overlay program, explaining that funds already supplementing the program are simply being

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reduced. He reiterated his support for \$100,000 one-time funding for human services, emphasizing the need to support special programs specifically requested by the public.

Councilmember Hansen expressed support for the surface water fee increase. He did not support the \$100,000 proposal for human services, although he would like to see the Teen Link program fully funded. He did not comment on the Historical Museum due to what he perceived to be a conflict of interest, and felt the frequency of the *Currents* newsletter was adequate.

Continuing, he expressed support for the proposed reductions to the Street Fund, noting his strong belief that road expenditures should be reduced if that is what the people vote for. He said revenues should not be taken from other departments to compensate for shortfalls, noting that government creates problems by shifting money from one fund to another. He acknowledged the long-term costs of a decreased street overlay program, but believed road funds may eventually be restored if I-776 is declared unconstitutional. He opposed using reserves to fund transportation, noting that they should only be used in times of emergency.

Mayor Jepsen summarized Council opinion as follows:

- A majority support raising the Surface Water Management fees, although he did not;
- A majority support the position of no additional funding for human services, although Councilmembers Chang, Gustafson, Hansen and Ransom support funding for Teen Link and the Youth Council;
- No one supports an increase in the number of *Currents* published per year;
- Four Councilmembers (Gustafson, Ransom, Hansen and Montgomery) support the staff-proposed cuts to address the I-776 shortfall (taking \$185,000 in operating fund reductions, \$200,000 from the Overlay Program, \$50,000 from the Sidewalk Repair Program, and \$50,000 from the Curb Ramp Repair); and
- Only Councilmember Ransom supported a change in the level or methodology of funding for the Historical Museum.

Councilmember Ransom requested information about what may happen in the State Legislature this session. He was informed that a meeting with the 32nd District legislative delegation will be scheduled.

Councilmember Hansen asked Ms. Tarry to provide him with an informal list of contingencies in the various City funds.

Responding to Mayor Jepsen's request for information, Mr. Burkett noted that staff will provide Council with additional information on performance measures.

- (c) Appointment of Council Subcommittee to Review
Bond Advisory Committee Applications

Mr. Olander said that staff is proceeding with recruiting a Citizens' Bond Advisory Committee. He asked the Council to appoint three members to serve as an ad hoc subcommittee to provide recommendations for appointment to the Bond Advisory Committee.

Councilmembers Ransom, Gustafson, Chang, and Deputy Mayor Grossman volunteered to serve on the subcommittee.

In order to determine subcommittee membership, Mayor Jepsen asked for each Councilmember to vote for three of the four individuals.

- Councilmember Ransom received six votes: Mayor Jepsen, Deputy Mayor Grossman, and Councilmembers Chang, Hansen, Montgomery and Ransom.
- Councilmember Gustafson received six votes: Mayor Jepsen, Deputy Mayor Grossman and Councilmembers Gustafson, Montgomery, Hansen and Ransom.
- Councilmember Chang received two votes: Councilmembers Chang and Hansen.
- Deputy Mayor Grossman received five votes: Mayor Jepsen, Deputy Mayor Grossman, Councilmembers Gustafson, Ransom and Montgomery.

Mayor Jepsen confirmed the appointment of Deputy Mayor Grossman, and Councilmembers Gustafson and Ransom to the subcommittee.

Councilmember Ransom presented the Mayor and Councilmembers with a flag he received at the Veteran's Day celebration at Ridgecrest Elementary School. The flag, which was flown over the White House, was provided by Congressman Jay Inslee.

6. PUBLIC COMMENT: none

7. EXECUTIVE SESSION

At 9:05 p.m. Mayor Jepsen announced that the Council would recess into executive session for twenty minutes to discuss potential litigation. At 9:25 p.m. Councilmember Chang left the executive session due to a conflict of interest with an item under discussion. At 9:49 p.m. the executive session concluded and the workshop reconvened.

8. ADJOURNMENT

At 9:50 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli, CMC
City Clerk