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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, November 25, 2002
7:30 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 suggested that Council amend the agenda to take Item 9(c) as the first action item.

Paul Haines, Public Works Director, reported on the Washington State Department of Transportation's pedestrian safety demonstration project on Aurora Avenue. He said the state intends to activate the lights tomorrow. They will operate until the end of December. He noted that the state had to replace faulty pedestrian motion sensors with pedestrian-activated buttons. He said the state's intent is to educate the public and learn from this study in order to improve pedestrian traffic safety.

Responding to Mayor Jepsen, Mr. Haines said the state expects to use engineering students and others to observe/ record traffic patterns and driver reactions. He said WSDOT plans to use its website, the news media, and flyers to educate the public.

Councilmember Gustafson felt the City should conduct traffic spot checks on its own.

Mr. Haines expressed interest in obtaining project results and public feedback, since traffic signals ultimately become the City's responsibility. He assured Council that staff would be fully involved in the process.

DRAFT

Councilmember Gustafson suggested that students at Shorewood High School be informed about the existence and use of the pedestrian crosswalk. He also suggested that the Government Access Channel 21 provide some additional information about the project. Mr. Haines concurred, noting that WSDOT will be posting some additional signage.

4. REPORTS OF BOARDS AND COMMISSIONS: none

5. PUBLIC COMMENT

(a) LaNita Wacker, Shoreline, expressed her strong belief in democracy and public debate. She thanked Councilmembers Grossman and Ransom for participating in the democratic process by running for office in the past election. She drew a comparison between the Apple Cup Football game and City Council, expressing her hope that Councilmembers engage each other on the budget in a civil manner.

(b) Daniel Mann, Shoreline, expressed his ongoing opposition to the Aurora Corridor video, noting that the video misrepresents the actual project costs. He expressed concern that there would be no funding for Phase 2 or Phase 3, and suggested the City could do the entire project for the costs of the first mile. Referring to the crosswalk at 170th St. and Aurora Avenue, he said WSDOT should not be experimenting with crosswalk/u-turn technology in Shoreline. He warned Council about the potential economic fatalities that could result from the Aurora project and urged the City to consider a more conservative approach.

(c) David Townsend, Shoreline, expressed concern about WSDOT's traffic project. He said the only way to ensure that vehicles stop for pedestrians on multi-lane roads is through pedestrian-activated stoplights. He commented on a near-accident he observed, as well as a pedestrian accident reported in the City of Kent. He encouraged Council to exhibit leadership, face reality, and install pedestrian-activated stoplights.

(d) Victoria Stiles, Shoreline, Director of the Shoreline Historical Museum, expressed support for the recommendation to put Museum funding on the same per-capita basis as the Arts Council. She described the Museum's positive contributions to the community and thanked Council for considering the funding proposal.

(e) Anthony Poland, Shoreline, said the City should conduct a study before considering closure of eastbound 160th Street at Aurora Avenue. He asked why Shoreline cannot obtain approval to do an Aurora project similar to Lynnwood's, which has seven lanes and a center left-turn lane. He felt that the Bus and Transit (BAT) lanes are incorrectly identified in the Aurora Plan as business access lanes when they should be transit lanes reserved for buses and bicycles.

Mayor Jepsen responded to public comments, noting that Council will consider the Aurora decision on December 9th, and that Museum funding would be addressed later on tonight. He concurred with Mr. Townsend's comments regarding pedestrian safety on

DRAFT

multi-lane streets, noting some crosswalks may give the public a false sense of security. He said the WSDOT demonstration project needs to educate both pedestrians and drivers.

Councilmember Hansen mentioned the problem of jaywalking and expressed the need for both driver and pedestrian education.

6. APPROVAL OF THE AGENDA

Councilmember Hansen moved approval of the agenda, making Item 9(a) the first action item. Deputy Mayor Grossman seconded the motion, which carried unanimously, and the agenda was approved as amended.

8. ACTION ITEMS: PUBLIC HEARING

- (a) Public hearing to consider citizens comments on the proposal to designate the North City Business District as defined in the North City Sub-Area Plan as a Residential Targeted Area for tax exempt multi-family development

At 8:00 p.m., Mayor Jepsen moved on to the public hearing. Jan Knudson, Economic Development Coordinator, provided the staff report and outlined the background and provisions of Ordinance No. 310. She identified three policy issues associated with the proposed ordinance: 1) an affordability requirement; 2) decision-making; and 3) maximum number of units.

She explained that the ordinance does not include an affordability requirement because it could create a possible disincentive to market rate developments that are also desired. It establishes the City Manager's Office as the authority that will determine a project's tax exemption eligibility and establishes a 250-unit maximum number of units that can be eligible for tax exemption in the North City Business District. The purpose of the limitation is to address Council concerns that a tax-exemption program could go too far in reducing property tax revenues for the City. The ordinance also establishes a minimum unit count of 20 units.

Ms. Knudson briefly outlined the standards and criteria for eligible projects, noting that projects must be located within NCBD boundaries and be completed within three years of the approved application. She emphasized the fact that project-by-project review and a two-step contract process will provide the necessary safeguards to ensure program success.

Mayor Jepsen opened the public hearing.

- (a) Gretchen Atkinson, Shoreline, supported the proposed ordinance on behalf of the North City Business Association. She said it will provide additional evidence to developers that the City is committed to developing the area and be one of the biggest catalysts, next to street improvements, to promote development.

DRAFT

(b) LaNita Wacker, Shoreline, supported the concept of the ordinance but expressed concern that the 20-unit limitation may preclude development of smaller projects. She said the staff report should have provided the total number of properties that fit policy criteria, suggesting that no properties may qualify for the program.

(c) Daniel Mann, Shoreline, expressed concern about the escalating cost and size of the North City Project, including the fact that Shoreline has committed over \$6 million to it in the Capital Improvement Program. He expressed support for developing North City but implied that the financial burden would be shifted to the taxpayers.

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

7. CONSENT CALENDAR

Councilmember Hansen moved adoption of the consent calendar. Councilmember Gustafson seconded the motion, which carried 7-0, and the following items were approved:

**Minutes of Workshop Meeting of November 4, 2002
Minutes of Joint Dinner Meeting of November 12, 2002**

**Approval of payroll and expenses as of November 15, 2002 in
the amount of \$1,236,506.58**

**Resolution No. 200 revising Financial Policies regarding
Capital Asset Management**

8. ACTION ITEMS: PUBLIC HEARING

- (a) Ordinance No. 310 establishing a 10-year exemption from real property taxation for the development of multi-family housing in a designated residential targeted area

**Councilmember Montgomery moved adoption of Ordinance No. 310.
Councilmember Hansen seconded the motion.**

Responding to Mayor Jepsen's request for clarification, Ms. Knudson explained that the land for an 85-unit development replacing a single family home would continue to accrue and be assessed for taxes, but the improvements would not. Therefore, the City (and junior taxing districts) would lose the revenue from the single family house for 10-years, but the property would return to the tax rolls at full market value in the 11th year. She said the estimated \$71,000 in forgone taxes would be partially offset by a projected

DRAFT

revenue increase resulting from collection of other taxes based on a two person per unit scenario.

Responding to Councilmember Hansen, Ms. Knudson said the analysis did not consider permit fee revenue.

Mr. Burkett said the real public policy issue for Council is whether any development will occur without this incentive, noting that many areas throughout the City have gone undeveloped. He said the City will only lose money if development would have occurred without this incentive.

Councilmember Ransom asked staff to clarify the difference between this proposal and the problems addressed by the National League of Cities relating to tax abatement.

Mr. Burkett explained that some cities have run into problems with Tax Increment Financing because they have not been able to meet bond requirements due to borrowing more money than the property pays in new value. He said the City is not planning to borrow money as part of the proposed tax incentive.

Councilmember Chang asked whether the ten-year exemption starts from the date the ordinance is adopted or from the date of application.

Ms. Knudson clarified that the ten-year exemption begins upon issuance of a project's final certificate.

Mayor Jepsen noted that the ordinance naturally expires upon reaching the 250 maximum number of units.

Councilmember Chang felt the ordinance should include an expiration date. He also asked about the minimum lot size required for a 20-unit development.

Ms. Knudson explained that several parcels would not qualify for the incentive due to size limitations. She commented that the Subarea Plan envisioned a consolidation of parcels in order for redevelopment to occur. While the state allows for a minimum of four units, staff drafted the 20-unit provision in response to Council interest in increasing the minimum number of units.

Responding to Mr. Mann's comments about tax impacts, Deputy Mayor Grossman noted that the Fire District and School District stated that they could still provide the necessary services under the provisions of the ordinance, even though tax waivers will affect them the most. He expressed support for the 250-unit limit, noting his opposition to creating an artificial expiration date. He mentioned that an affordable housing project is already planned for North City.

Mr. Burkett pointed out that Council expressed a preference for mixed-income levels of housing.

Councilmember Ransom asked if the City could provide a variance in order to allow for affordable housing without parking, since he knows of low-income housing developments with very few parking spaces. Ms. Knudson responded that the NCBD regulations currently stipulate one parking space per unit in residential areas. She said the low to moderate income projects she studied never fell below 0.8 parking stalls per unit.

Councilmember Ransom wondered if the City is discouraging smaller developments in favor of larger ones by imposing a 20-unit minimum requirement, as opposed to the state's four-unit minimum.

Ms. Knudson said the 20-unit minimum was created in response to Council discussion at the October 21st workshop, noting that Council can modify the proposal if it chooses. She said some parcels in North City could not be incorporated with mixed-use parcels, while others could be consolidated for redevelopment.

Mr. Burkett added that the North City Plan was meant to encourage higher densities, which can be achieved by building more units on consolidated parcels.

Councilmember Hansen said the North City Plan is a business development plan that requires housing that will support local business, suggesting that affordable housing would not achieve that end. He felt one parking stall per unit is totally inadequate, noting the existing scarcity of parking spaces for businesses.

Responding to Councilmember Gustafson, Ms. Knudson said the proposed ordinance fits into the North City plan and was modeled after the City of Everett. Councilmember Gustafson asked for clarification about the selection process and eligibility criteria.

Mr. Burkett said the selection process would be similar to other uses already approved by Council and the Planning Commission, noting that the primary issue is whether projects conform to the North City Plan. He said once compliance with the North City Plan is established, the City can then make administrative decisions on a project-by-project basis.

Councilmember Gustafson supported the motion, noting the need for development incentives in North City.

Mayor Jepsen concurred with the maximum 250-unit provision.. He noted that parking considerations should be left to the developer, who will know what is best in terms of parking needs. He agreed with the 20-unit minimum requirement, since the real goal is to drive the business district forward.

Councilmember Hansen moved to amend Section 11 to add a provision that the ordinance would sunset ten years after the date of adoption unless otherwise

DRAFT

amended. Councilmember Chang seconded the amendment, which failed 3-4, with Councilmembers Chang, Hansen, and Ransom voting in the affirmative.

A vote was taken on the adoption of Ordinance No. 310, which carried 7-0.

9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS

- (a) Resolution No. 198 establishing a temporary closure of 183rd Street at Dayton Avenue

Jill Marilley, City Engineer, reviewed the background on this item and described the long and methodic process used to arrive at the most-favored alternative of temporary closure. She noted that temporary closure was not originally considered, but staff found it to be a viable option after considering all options. She said the goal is to move residential "cut-through" traffic back onto arterial streets. She also noted that staff made changes to the Neighborhood Traffic Safety Program to form a broader-based neighborhood notification system. The traffic flow analysis she provided to Council indicates that 39% of cut-through traffic goes to the neighborhood to the west; 41% of traffic consisted of non-Shoreline residents.

Mayor Jepsen called for public comment.

- (a) Cynthia Wills, Shoreline, chair of the Richmond Highlands Neighborhood Association, expressed dissatisfaction with the process used to arrive at street closure. She asserted that the RHNA was not included in the decision, and that the lack of communication and input has pitted neighbors against each other. She expressed a preference for exploring less-severe alternatives, including jersey barriers and traffic calming devices.

- (b) Fred Clingan, Shoreline, urged Council to approve street closure, noting that 600 vehicles per day use the road as a shortcut between Dayton Ave. N. & Fremont Ave. N. He said not only will the traffic return to the arterials, where it belongs, but closure will also help determine what areas are being impacted. He noted that over 70% of valley residents approved the street closure.

- (c) Linda Nixon, Shoreline, reviewed the history of the process leading up to the proposed street closure. She said the neighborhood has worked closely with the NTSP and has fulfilled all City requirements, including data collection, research, petitions, and meetings. She said both City staff and residents concluded that temporary closure will help return cut-through traffic to arterials, as well as solve the safety problem.

Councilmember Ransom mentioned that he received three phone calls from residents opposing the closure. He noted that approximately 30 neighbors expressed approval for closing the street at the Night Out Against Crime.

DRAFT

Councilmember Hansen said he drove through the vicinity several times last week to observe conditions there. He expressed support for the temporary closure, but suggested that 183rd St. at Evanston Ave. N. be considered as a possible alternative since it allows traffic into both ends of the neighborhood while still preventing cut-through traffic.

Councilmember Chang said he too received phone calls opposing the proposed street closure. He said common sense suggests that 183rd Street at Dayton is unsafe, noting his conversations with residents and firsthand observations of traffic conditions. He emphasized the need to address RHNA concerns and pointed out that Shorewood High School and St. Luke's may be adversely impacted by the closure. He requested that staff work to address the concerns of the RHNA.

Mayor Jepsen stressed the importance of conducting traffic checks in order to determine traffic patterns and to assist in making permanent decisions. He thanked staff for providing the traffic flow analysis and said this issue will be revisited after the 90-day closure.

Councilmember Gustafson wished to ensure that the RHNA is kept informed, noting the importance of receiving expanded feedback. He asked staff whether the NTSP considered possible closure at 183rd St. and Evanston Ave. N., to which Ms. Marilley responded that multiple locations were considered and the proposed location not only provides the desired result but also addresses safety concerns resulting from the steep slope. She said the proposed location also ensures that emergency vehicles have access to the entire neighborhood.

Councilmember Hansen moved to pass Resolution No. 198. Councilmember Ransom seconded the motion, which carried 7-0.

- (b) Ordinance No. 314 levying the general taxes for the City of Shoreline in King County for the fiscal year commencing January 1, 2003

Debra Tarry, Finance Director, reviewed the proposed property tax levy, noting that it includes a 1% increase in addition to any new construction. She explained that the tax rate will be \$1.36 per \$1,000 valuation, noting that it represents a 5.5% decrease from 2002. She said a homeowner with a home currently valued at \$220,000 can expect to pay \$4 more in property taxes in 2003.

Mayor Jepsen raised the possibility that King County's recent tax decisions may affect Shoreline residents. He said many different taxing entities are making decisions that affect many people, noting that the Port of Seattle intends to raise its rates. He stressed the need to pay close attention to the issues and to elected officials.

Councilmember Chang said many property owners have complained about higher assessed values. He asked if the 1% tax increase would actually be higher due to higher assessed values in King County.

DRAFT

Ms. Tarry explained that with the overall levy increase limitation, the tax rate decreases as assessed value increases.

Upon motion by Councilmember Hansen, seconded by Councilmember Ransom and unanimously carried, Ordinance No. 314 was adopted.

Councilmember Hansen clarified that the 1% increase is an overall limit on the district, not necessarily on individual properties. He noted that some people could actually see a decrease in property taxes if values are not reassessed.

- (c) Ordinance No. 315 adopting the annual budget of the City of Shoreline for the year 2003

Ms. Tarry briefly reviewed the budget issues and explained that Council is working with a revised copy of Ordinance No. 315 that was distributed on Friday and incorporates previous direction from Council. She noted the revised 2003 budget represents total City expenditures of \$44,055,657, a .3% increase over 2002. She said operating expenditures have decreased 5.3%, and capital expenditures have increased slightly due to several capital projects.

Councilmember Montgomery moved to adopt Ordinance No. 315. Councilmember Hansen seconded the motion.

Councilmember Ransom expressed support for increasing funding for the Historical Museum to bring it to parity with the Arts Council. He explained that both programs were originally funded equally, however, the Historical Museum has not kept pace with the Arts Council. He noted that the additional funding would provide the Museum with janitorial services.

Mayor Jepsen called attention to the human services efforts specifically affecting Shoreline, noting that Councilmember Edmonds secured funds for the Adult Day Health Program, Chore Services, and Food Lifeline. He concluded by saying that none of the Councilmembers got everything they wanted in the proposed budget.

Councilmember Ransom asked that funding for the Historical Museum be brought up to the level of the Arts Council and that the Museum and Arts Council be funded equally in the future. No Councilmember opposed taking this action, and Mr. Burkett said that this could be done without an amendment to the budget ordinance.

A vote was taken on the motion, which carried 7-0, and Ordinance No. 315 was adopted.

Mr. Burkett reported that Shoreline voters did not support Initiative 776. They also rejected Referendum 51 by a narrow margin.

Councilmember Hansen expressed a desire to immediately restore the street overlay program if I-776 is found unconstitutional.

Councilmembers thanked staff for the excellent presentation of the complex budget issues.

10. PUBLIC COMMENT

(a) LaNita Wacker, Shoreline, thanked Council for including the Teen Link Program and the YMCA Youth Council in the 2003 budget. She felt that Teen Link funding is a particularly good use of funds considering the recent teen suicides. She also asked for clarification of the Museum funding.

(b) Daniel Mann, Shoreline, asked for an explanation of the capital budget summary, specifically the "Contribution to Accumulated Fund Balance." He asserted that the City is needlessly spending the money it has saved over the past seven years. He said there are viable alternatives to the projects proposed for Aurora Avenue and North City, noting that money could be better spent on acquiring Fircrest if it comes available. He said citizens could provide better input on how to govern the City if they better understood the budget.

Mayor Jepsen noted that the Museum will receive the equivalent amount of funds as the Arts Council as specified in the budget.

Mr. Burkett offered to have staff review the budget with Mr. Mann since it is a complicated document. He explained that the City is not proposing to spend its savings since policy requires the City to maintain General Fund reserves.

Councilmember Hansen asked staff to specifically address Mr. Mann's question about "Contribution to Accumulated Fund Balance" as represented on page 202 of the proposed budget.

Ms. Tarry said "Contributions to Accumulated Fund Balance" represents funds that are contributed in years in which expected revenues are greater than projected expenditures, thereby increasing the fund balance. She further explained that in years in which expenditures are greater than revenues (2003-2006), the "Contribution to Accumulated Fund Balance" will be zero.

11. ADJOURNMENT

At 9:55 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli, City Clerk