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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF WORKSHOP MEETING

Monday, June 16, 2003
6:30 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 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 Councilmembers Chang and Hansen, who arrived shortly thereafter, and Councilmember Montgomery.

Upon motion by Councilmember Gustafson, seconded by Councilmember Ransom and unanimously carried, Councilmember Montgomery, who was attending the Association of Washington Cities Board meeting, was excused.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

Ian Sievers, City Attorney, introduced the new Assistant City Attorney, Flannary Collins, and briefly described her education and work experience.

(a) Presentation by Shoreline/Lake Forest Park Youth Council

Joe Sanders, Shorewood High School Junior and member of the Youth Council, updated the Council on the Youth Council's past and future events, including a youth summit where over 100 students discussed a variety of issues ranging from drugs/alcohol to harassment and safety concerns at school. He reported that this information exchange resulted in the formulation of a list of priority items that will be the focus of a work plan later this year. Two priorities included: 1) activities for youth in the summer time, and 2) school safety. He concluded by saying that the group will consider holding open

discussion forums and working with Shorewood High School to create a peer counseling program.

Responding to Mayor Jepsen, Mr. Sanders clarified that the safety in school issue referred to the fact that many students have identity issues and are the victims of harassment due to their sexual orientation.

Councilmember Gustafson commented on his attendance at the youth summit and on his favorable impression of it. He acknowledged that safety in schools remains a primary concern. He recommended that the Youth Council discuss its work plan with the school administration. He thanked Mr. Sanders for his leadership at school and in the community.

4. COUNCIL REPORTS

Councilmember Gustafson reported on his attendance at the Community Development Block Grant (CDBG) Joint Recommendations Committee, noting that of the \$10.5 million in CDBG funds King County receives this year, Shoreline is projected to receive \$293,810. He pointed out that a CDBG report estimated that 7,980 homeless people lived in the greater Seattle area in 2002, which represents an increase from 2001 (7,350). He reported on his attendance at the Water Resource Inventory Area - 8 meeting, where discussions focused on budget, work program, and publicity issues. Continuing, he reported on his attendance at the Regional Water Quality Workshop, where discussion topics included Brightwater, operating capital budgets, rates and capacity charges, and implications of cost-containment and other financial strategies. He noted that the Regional Wastewater Services Plan Water Quality Report is now available.

Responding to Councilmember Ransom, Councilmember Gustafson said the total number of homeless was based on estimates taken in neighboring cities, so there is no accurate homeless statistic for Shoreline.

5. PUBLIC COMMENT

(a) Daniel Mann, Shoreline, noted that one of the issues that caused the appeal of the Aurora Corridor project is the fact that the City had consistently failed to provide proper notice and communicate with the public. He asserted that affected merchants were not notified that a State Environmental Protection Act process was underway for the right-of-way (ROW) maps, but that others such as state agencies and other cities were contacted. He said the City will most likely lose its legal case because establishing maximum right-of-way ROW widths along Aurora Avenue will constitute adverse condemnation of property. He urged the Council to get a legal opinion from independent counsel in order to avoid wasting additional tax dollars.

Mayor Jepsen said Council will likely address Mr. Mann's concerns as it moves along in the process of adopting the ROW widths.

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Mr. Burkett reminded Council that notice was mailed and maps hand-delivered to business operators and property owners in an effort to provide community outreach. He was confident the proposal does not represent adverse condemnation, but simply makes the extent of the planning area known to the public. He reminded Council that it delayed action on this item in order to get more information and input on it.

6. WORKSHOP ITEMS

(a) Update on the progress of the Shoreline Bond Advisory Committee

Bob Olander, Deputy City Manager, and Wendy Barry, Parks, Recreation and Cultural Services Director, briefed the Council on the activities of the Bond Advisory Committee (BAC) and its remaining work plan as outlined in the staff report. Their presentation included the following points:

- The City Council appointed 24 citizens to the Shoreline Bond Advisory Committee on January 27, 2003 to fulfill City Council Goal Number 7: "Establish a Shoreline Citizens Bond Advisory Committee to review and make recommendations regarding financing City capital improvements."
- The BAC met for the first time on March 31, and has met a total of four times to date. The committee is nearing completion of the needs assessment phase of its work. It has discussed projects in 12 categories, including: sidewalks, street improvements/greenstreets, trails, surface water improvements, economic development, gateways, open space, access to water, parks, indoor recreation and cultural facilities, outdoor recreation, and other projects.
- The BAC is scheduled to meet a total of eight times and complete its work with the assistance of a committee facilitator and cost estimator for this effort.
- The BAC has identified a broad range of projects to be considered. Its next step is to narrow the project list so that cost estimates can be developed. The Committee will also be reviewing financial information, developing criteria to use in evaluating projects for inclusion in a potential bond issue, and utilizing community information that is being gathered as part of the Parks, Recreation and Open Space Plan update.
- A community survey will be conducted in July and August to test community priorities and to gauge public support and willingness to pay for specific projects. The BAC will consider this community input as part of its decision-making process.
- The final project list to be cost-estimated will be identified on June 24. Final recommendations are projected to be completed August 26 with a final report to be presented to the City Council at the September 15 workshop.
- Councilmembers Gustafson and Ransom serve as liaison members to the BAC.

Councilmember Gustafson expressed appreciation to all the people serving on the BAC, noting that they represent a broad segment of the community. He asked staff to provide details on the proposed timeline for the survey. Ms. Barry said the preliminary survey

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results will be available at the BAC's June 24th meeting, and again on July 7th at the joint meeting of the City Council and Parks, Recreation and Cultural Services Board.

Councilmember Ransom commented on the lengthiness of the survey and asked how statistics would be gathered for partially completed surveys.

Ms. Barry said the survey consultant is responsible for delivering a statistically valid sampling of the community, which means a minimum of 500 completed surveys. She said the survey was extended in response to BAC requests for additional information. She said the follow-up community survey will address more specific questions related to projects, prioritization, and willingness to invest.

Mr. Olander commented that the consultant will follow up with any incomplete surveys by calling respondents by telephone.

(b) Capital Improvement Plan Discussion

Mr. Burkett provided an overview of the proposed Capital Improvement Plan (CIP) and the proposed schedule for its discussion and eventual adoption. He noted that the Planning Commission will review the plan for alignment with the City's Comprehensive Plan, and that public hearings will be held before the City Council and Planning Commission. He noted that money would not be appropriated in the CIP until the annual budget is adopted later this year.

Continuing, Mr. Burkett explained that the CIP is long-term policy document that identifies necessary capital investments and provides a tool for managing capital and finances. He emphasized the fact that although many view it as a tool to introduce new projects, it must also provide direction for managing aging facilities and deteriorating assets. It is also an opportunity for forecasting revenues and capital expenses and coordinating with long-range financial planning for both capital and operations.

He pointed out that the CIP does not provide precise cost estimates or detailed project schedules. Cost estimates evolve throughout the planning and design processes. Sixty percent of the proposed CIP, which includes 42 projects totaling \$130 million, is funded through state and federal grants. The General Fund provides only 5 percent of the CIP funding. The bulk of the CIP goes to transportation projects such as the Aurora Corridor; City Hall makes up 13 percent, and parks projects comprise 3 percent.

He briefly highlighted those projects identified by Council as high priorities: 1) Aurora Corridor Project; 2) Interurban Trail; 3) 15th Avenue NE/North City Business District (NCBD) improvements; 4) Ronald Bog; and 5) 3rd Avenue Drainage Project.

Aurora Corridor Project

Staff is proposing to reduce the estimated cost of Phase 1 (145th to 165th) of the Aurora Corridor Project from \$31 million to \$25 million, with the City's direct contribution reduced from 40% to 13%. This reduction is due to revenues (\$10 million) that will be

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generated by the gasoline tax implemented by the state legislature, and to cutbacks in the project scope. This estimate is considered a Class 3, which has an expected accuracy range of -15 to +30 percent.

Interurban Trail

The Interurban Trail is moving toward construction, with the south segment scheduled for completion in October 2003, and construction of north section beginning in November 2003. It is anticipated that the City will award construction for the south central segment in March 2004.

15th Avenue NE/NCBD Improvements

In accordance with Council's desire to accelerate this project, construction will begin this summer, with the major part of the project being awarded by the end of 2003.

Ronald Bog Drainage Improvements

Due to several short-term improvements relating to this project, staff is hopeful that this project can be completed for less than the estimated \$6.2 million.

3rd Avenue NW Drainage Improvements

Design for this project is scheduled for 2004, with construction scheduled for 2005 (one year earlier than the current CIP). It will be critical to work with King County Metro to coordinate the improvement projects it has planned for this area.

Councilmember Ransom suggested that the costs for the Aurora Corridor Project actually increased, even considering that the costs for undergrounding utilities has been removed from the equation.

Mr. Burkett disagreed, noting that the costs are actually less than last year's CIP due to value engineering and reductions in the project scope. He explained that Seattle City Light (SCL) is required to relocate utilities at their cost under their franchise agreement, although there is still a question how SCL will distribute those costs to their customers.

Councilmember Hansen figured that the construction costs are considerably less than the previous CIP and that a substantial inflation factor has been included as a safety buffer.

Councilmember Ransom wanted to know what the construction costs for the project are compared to other costs such as design and legal fees.

Councilmember Hansen estimated that actual construction costs in inflated dollars would total approximately \$15 million.

Responding to Mayor Jepsen's question whether Surface Water Management (SWM) fees would be used to pay off the Public Works Trust Fund Loan, Debbie Tarry, Finance Director, indicated that SWM fees, which show up on the operations side of the equation, will pay off the debt over time.

Continuing, Ms. Tarry reviewed the funds and highlighted the significant changes from the 2003-2008 CIP. She outlined General Capital Fund expenditures for 2004-2009, noting that there are 16 projects totaling \$21 million. The largest component of funds is dedicated to facilities, with \$16.5 million being projected for the City Hall Project. This is an increase of \$1.2 million from the previous CIP. The \$16.5 million figure is based on the City's ability to pay for debt service and facility maintenance costs. It also includes an allocation of one-time money from 2002 savings. She anticipated that City Hall would require financing of \$10.6 million, which would most likely be in the form of municipal bonds. However, uncertainty will remain until site selection and financing issues are resolved.

Responding to Mayor Jepsen, Ms. Tarry confirmed that the General Fund contribution of over \$1 million/year is based on the Council policy related to gambling tax revenues. It was noted that a portion (\$1.8 million) of the accumulated balance from last year's operating budget is being used to fund City Hall. Mayor Jepsen asked if the accumulated fund balance from the past several years (approximately \$7 million) should be shown as an under-spending of the resources on an annual basis. Staff noted that the fund balance fluctuates from year to year, and that sometimes revenues are greater than expenditures, and vice versa.

Responding to Mayor Jepsen, Ms. Tarry clarified that the \$1.8 million is shown on page 27 of the Proposed 2004-2009 CIP as the difference between 2003 total revenues (\$2,091,017) and 2003 projected revenues (\$3,809,557).

Councilmember Chang and Councilmember Ransom asked staff to clarify the resources being considered to fund City Hall.

Mr. Burkett clarified that municipal financing would make up the bulk of resources used to pay for City Hall. He said it is cheaper in the long-term to own rather than rent.

Responding to Deputy Mayor Grossman, Ms. Tarry said municipal financing rates for a 20-30 year loan run at just over 4 percent, and that the annual payment for City Hall is anticipated at around \$700,000. She said the combination of debt service and operational costs is estimated at approximately \$1 million per year, which is the figure that was used to estimate affordability.

Mr. Burkett emphasized the importance of balancing the amount the City can afford to borrow with the amount the City can pay back comfortably in the long-term. He noted that recent construction estimates from Olympic Associates are slightly higher, but more accurate, than the rough numbers included in the 2002 CIP. He suggested that the City may need to reduce the scope of the project to keep it within the parameters of affordability.

Councilmember Hansen noted that mortgage payments do not increase over time as rent payments do.

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Mayor Jepsen asked why money is budgeted for City Hall construction for the years 2006-2008 since the building will already be completed. Ms. Tarry said those are estimated costs associated with potential expansion, tenant improvements, and inflationary factors.

Councilmember Hansen asked for the approximate amount of square footage being used as the basis for City Hall projections. Mr. Burkett said the City projects a future need of almost 60,000 square feet, although it is thought the City cannot currently afford this amount of space. He clarified that the space need does not include parking.

Mayor Jepsen commented that certain projects in the CIP are important enough to have full-time staff assigned to them. He suggested that the budget be developed to ensure that high priority projects get attention from dedicated staff.

Councilmember Ransom wondered about the space needs for parking, noting that over 200 parking stalls would be needed to accommodate the current number of City employees. Mr. Burkett said that specific space requirements, estimated costs, and recommended reductions would be forthcoming at future Council meetings. Due to budget constraints, he envisioned having more surface parking as opposed to structure parking.

Deputy Mayor Grossman asked staff to clarify the reason for a zero expenditure amount in City Hall Real Estate Acquisition. Ms. Tarry explained that most of the money remains under Construction because it is still unclear how the product will be delivered.

Continuing her presentation, Ms. Tarry listed other changes in 2004-2009 CIP, including a one-year delay of master plans for Ronald Bog and Twin Ponds Park. The Ronald Bog master plan depends on the Surface Water Master Plan, which will be completed next year. She noted that Shoreline Community College (SCC) sports field feasibility study has been deleted from the CIP because SCC is undergoing a master plan process. New projects under General Capital include: 1) City maintenance facility study; 2) Saltwater Park pedestrian bridge replacement study; and 3) Paramount School Park picnic shelter. Projects involving property acquisition include Hamlin Park (\$1.5 million depending on grant funding) and Parks Open Space Acquisition. These projects were included in the CIP to allow Council to see opportunities to acquire additional property through grant funding.

Ms. Tarry concluded by saying that several issues could have an impact on General Capital in the future, including the BAC recommendation and the ability of the operating budget to absorb future increases in maintenance costs.

Responding to Mayor Jepsen, Ms. Tarry confirmed that total expenditures over the six-year CIP are projected to be \$3.7 million less than total revenues.

Mayor Jepsen expressed concern that the CIP contains funding for several project studies and designs, but no money for construction or implementation. He suggested that

Council might want to allocate some of the fund balance that will be available in later years to implement projects such as the Saltwater Park Pedestrian Bridge. Councilmember Hansen concurred.

Mr. Burkett suggested that Councilmembers exchange their ideas on the use of studies versus project implementation. He said the advantage of doing studies is that it provides information and cost estimates for the purpose of applying for grants. Studies can also provide useful information in the bond issue process.

Councilmember Ransom felt it is important to establish an overall vision and goal regarding parks issues.

Mayor Jepsen agreed from a policy standpoint that studies are important, but felt it is also important to fund and construct projects within a reasonable time frame. Councilmember Hansen concurred.

Councilmember Ransom reiterated the importance of establishing an overall vision and doing master planning based on that vision. He said Council could consider using reserve funds to complete projects that have been identified through the master planning process.

Mayor Jepsen said that such a proposal should be part of an overall discussion on the question of using operating budget surpluses for specific capital projects.

Councilmember Ransom said reserve funds should be used in a balanced way, so that all the money is not going for a single project, such as the Aurora Corridor.

Councilmember Gustafson agreed that a basic Council discussion on prioritization is necessary. He illustrated this by pointing out that the stream inventory must first be resolved before proceeding with the Surface Water Master Plan.

Mr. Burkett agreed that a Council discussion would be helpful in identifying top priorities. He pointed out that many other communities work on current projects and study future projects simultaneously as part of a cyclical process.

Wendy Barry, Parks, Recreation and Cultural Services Director, explained that the projects listed in the CIP are those that were identified as priorities in the 1998 Parks Recreation and Open Space Plan (PROSP). She said that list would be reviewed in anticipation of a revised PROSP, which will help redefine the priorities. She said there is a good chance the priorities could shift because of changes in the community.

Jill Marilley, City Engineer, clarified that funding for the Saltwater Park Pedestrian Bridge Replacement Study will help reduce confusion about estimates and scope, and will allow her to present a clear package in next year's CIP.

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Mayor Jepsen said he could agree with that approach if there is funding in later years to complete construction.

Mr. Burkett noted that the funding picture could change next year depending on BAC recommendations and potential voter-approved funds. He also noted that Council can choose to spend study funds for construction in 2004-05 and seek study funding in later years.

Councilmember Ransom asked staff to clarify the difference between the Saltwater Park Pedestrian Bridge Replacement Study (\$50,000) and the proposal to replace the bridge on Appletree Lane at an estimated cost of \$1 million.

Mr. Burkett said the purpose of the study is to evaluate the bridge and come up with an estimated cost to replace it.

Councilmember Hansen said the two projects are completely different because the load requirements for Appletree Lane will be far greater than those for the pedestrian bridge.

Ms. Marilley said the intent of the bridge study is to make long-term plans and then establish priorities for what should follow. She said the study will position the City for potential grant funding and help anticipate future maintenance.

Councilmember Chang and Ms. Marilley discussed the schedule for the construction of the first segment of the Interurban Trail. Ms. Marilley agreed to provide Councilmember Chang with length measurements of the trail at next week's meeting. She expected the contractor to begin construction on the project by September and have the project completed by October. She clarified that the trail termini will make safe connections to the existing road system. Councilmember Chang asked about the width of the public ROW along Aurora Avenue from N 185th Street to N 205th Street, noting that it is as little as 90 feet in the Central Subarea.

Kirk McKinley, Aurora Corridor Project Manager, agreed that the most narrow ROW widths are between N 170th Street and N 185th Street. He noted that some segments north of N 185th Street attain over 110 feet.

Responding to Councilmember Chang's request, Mr. McKinley said he would report back on the most narrow ROW widths in the area north of N 185th Street.

Councilmember Chang asked if the \$59 million estimate for Phase 2 of the Aurora project includes acquisition of property and compensation for relocations.

Mr. Burkett said the estimate does include those factors, although it is based upon the work done in Phase 1 of the project. He clarified that there are still many unknown variables since the project is not designed. He said the estimate will be refined as the project proceeds.

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Councilmember Chang estimated that the costs for Phase 2 of the project could be well over \$60 million, even using conservative projections, due to potential property acquisitions. He suggested that utility relocations and connection fees could cost Aurora property owners and businesses as much as \$100,000 each, and that the total cost could be as much as \$20-40 million.

Mayor Jepsen suggested that Mr. McKinley report back to Council about how much property the City expects to acquire in Phase 2.

Councilmember Chang said the City could complete this and other major projects without borrowing additional money if it is done correctly. He noted that the City of Lynnwood completed 1.2 miles of Aurora improvements for only \$4.7 million.

Mayor Jepsen said Lynnwood's design is completely different than the one proposed for Shoreline.

There was further Council discussion about how much utility hookups could cost Aurora property owners. Mr. Burkett said there are various ways to make utility connections, some more costly than others. Councilmember Chang requested that staff provide additional information on costs.

Mayor Jepsen noted that prior to Councilmember Chang's election, Council adopted a relocation manual based on input from the Shoreline Chamber of Commerce.

Councilmember Ransom recalled that the manual discussed a provision for utility hookups, noting that several businesses will require multiple utility hookups. He said the main issue is that the \$59 million estimate does not include additional business-related costs such as ROW acquisition or business relocation, nor does it include costs for utility hookups.

Councilmember Hansen recalled that the figure for ROW acquisition was approximately \$14 million. He felt this figure was probably more than adequate.

Councilmember Chang said such a calculation means that Phase 2 would be less expensive than Phase 1, which does not make sense considering the complex issues in Phase 2.

Councilmember Hansen suggested that the costs for Phase 1 could be less than what is estimated. Councilmember Chang stressed the importance of getting all the facts in order to avoid making a costly mistake.

Councilmember Hansen said there are no facts, but only educated guesses and projections to cover certain categories. He emphasized that nobody really knows what the actual ROW acquisition will be until the planning and design are completed.

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Councilmember Ransom contended that a greater proportion of funding is being allocated to Phase 1, which should be an easier and more efficient project than Phase 2.

Councilmember Hansen noted that the allocation for Phase 2 does not make distinctions between how much is allocated to each segment of Phase 2.

Councilmember Ransom suggested that the cost for Phase 2 would be more expensive in proportion to Phase 1, since Phase 2 includes a segment similar to Phase 1, and a very difficult segment in the center.

Mr. Burkett cautioned Council against calculating costs for something that has yet to be designed, noting that slope, property values, and various other factors also affect project costs. He emphasized that there is still more planning to be done and more Council decisions to be made. He alluded to property owned by Mr. Steele and said the City may want to consider other alternatives if his property is really worth \$2-3 million.

Councilmember Ransom said the value would not just be based on his land but on the value of Mr. Steele's business as a whole.

Councilmember Chang noted that the City of Bellevue spent \$900,000 just to relocate a small restaurant. He cautioned against allocating \$25 million for Phase 1 when the design for Phase 2 has not been determined.

Mr. Burkett invited the Public Works Director to comment on the proposed cost estimates.

Paul Haines, Public Works Director, provided the following breakdown of projected costs for Phase 1 of the Aurora Corridor Project: 1) Design \$4.4 million; 2) ROW \$3 million; 3) Construction \$17 million. He said that much more is known about Phase 1 than is known about Phase 2 because of design certainty. He said staff feels comfortable with the estimates, which get better as each stage progresses. He emphasized that each category of the project, from design to ROW acquisition to construction, includes a whole series of elements and activities. He said Council can decide if it wants to divide Phase 2 into separate projects, noting that the scope is still undecided.

Continuing her presentation, Ms. Tarry explained that Initiative 776 decreased the revenues allocated to the Curb Ramps Program, Annual Sidewalk Repair Program, and Annual Roads Surface Maintenance due to the elimination of vehicle licensing fees. In response to this decrease, the CIP reflects an annual expenditure of \$500,000 for the 2004-2009 time period. However, Council approved a measure that restores funding at the necessary level (\$700,000) in the 2003-04 CIP. If I-776 is found unconstitutional, lost street fund revenues may be restored to cover the costs of this program throughout the 2004-2009 CIP.

Continuing, she stated that the proposed CIP accelerates construction of the Richmond Beach Overcrossing to 2005. She noted that the projected costs have increased from \$1.8

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million to \$2.5 million, with a City's contribution at 17% (\$430,000) and the remaining amount coming from grants. She pointed out that additional grants would be needed in order for this project to proceed. The 2004-2009 CIP also funds construction for the Dayton Avenue Retaining Wall at \$341,000.

Mayor Jepsen felt comfortable with the policy issues Council adopted as part of the Proposed 2004-2009 CIP, but expressed continued concern about funding studies without a plan for implementation. He also suggested that staff include an analysis of the Shoreline Merchants Association's proposal for an underpass at the N 185th Street and Aurora Avenue intersection so it can be compared with other options.

Mr. Burkett noted that the N 185th Street and Aurora Avenue intersection analysis was intended to study surface improvements, although staff could look into cost estimates for an underpass.

Councilmember Hansen speculated that reasonable estimates could be obtained based on the many underpass/overpass examples along State Highway 99.

Mr. Burkett suggested that the ROW requirements for such a project would be greater than the City's proposal.

Councilmember Gustafson agreed that an analysis of underpass options at that location and others will help provide the proper perspective.

Councilmember Hansen said underpass solutions at various intersections such as 185th and Aurora and 205th and Aurora make sense, but the cost factors must be carefully considered.

Councilmember Ransom asked staff to respond to his assumption that constructing an underpass would be just as expensive as constructing a bridge overpass.

Mr. Haines concurred that an underpass would be very expensive, noting that such issues were to be addressed in the next phase of the Aurora Corridor analysis. He said if Council wishes to make the intersection at N 185th Street and Aurora a priority, staff would be happy to analyze it and provide cost estimates.

Councilmember Gustafson suggested that action be taken at that location sooner rather than later.

It was noted that the Mukilteo overpass might be a good example that can be used to provide cost estimates and ROW impact data.

Continuing, Ms. Tarry noted that two new projects are included in the Roads Capital Fund: the Interurban Trail north central segment (\$2.4 million), and seed money for some ROW acquisition the City will need in the future. She said Council must consider

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two policy issues: 1) the amount of operating revenues allocated to the capital program, and 2) funding of the Annual Road Service Program into the future.

Councilmember Ransom wondered if the proposed level of funding for the Ronald Bog and 3rd Avenue Drainage projects will be adequate, noting that the proposed CIP allocates less money than originally anticipated. He also wondered if Surface Water reserves would be able to pay for such projects into the future.

Mr. Burkett said the Surface Water Master Plan would likely answer questions relating to major projects like Ronald Bog, as well as provide information on operating and replacement costs.

Ms. Tarry outlined the proposed Surface Water Capital Fund, noting that it includes seven projects totaling \$9.4 million. These projects will be substantially funded by Public Works Trust Fund Loans to be repaid through the collection of Surface Water fees (the actual repayment will appear on the operating side of the budget). The CIP proposes that the accumulated Surface Water fund balance, as well as increases in the SWM fee, be used for Surface Water Capital purposes.

Mr. Burkett noted that some projects will be funded through borrowing, some through the fund balance, and some through the annual collection of fees.

Responding to Councilmember Ransom, Mr. Burkett said that part of reason for doing a Surface Water Master Plan is to determine long-term operational and capital needs, and related these to a fee schedule. Councilmember Ransom asked if older, deteriorating infrastructure would be included in the projected costs.

Mr. Haines said the master plan will attempt to analyze several factors, including existing infrastructure, replacement value, new construction value, and operations, so they can all be figured into the rate structure.

Deputy Mayor Grossman asked why there is no proposed funding in 2004 for the Stream Rehabilitation/Habitat Enhancement Program, yet it continues from 2005-2009. He also wondered if \$25,000 is adequate annual funding given the high cost of completing just one parks master plan.

Ms. Tarry said no funding was proposed in 2004 because that program is awaiting the completion of the Surface Water Master Plan. She said the funding continues through the CIP because the City did not want to lose sight of the small projects over time.

Mr. Haines suggested that funding priorities would likely change in the years 2004-2006 because the master plan will provide guidance on what it takes to build and operate a surface water system. He asked that Council be patient as the department finishes the master plan, noting that limited resources are being spread over several categories.

Deputy Mayor Grossman asked about the relationship between the Surface Water Master Plan and the stream inventory, as well as habitat restoration opportunities. He noted that water is the same regardless of whether it flows from a ditch or a pond.

Mr. Haines replied that several difficult policy choices will likely result from the Surface Water Master Plan relating to the stream inventory and stream habitat preservation. He said they all interrelate in terms of the water quality process.

Staff affirmed that the Stream Rehabilitation/Habitat Enhancement Program is a type of placeholder that will be more narrowly defined after the Surface Water Master Plan is completed.

Councilmember Gustafson agreed, noting there are many future opportunities to invest funds in projects through the Water Resource Inventory Area that can leverage grant funding to help revitalize stream habitat.

Mr. Haines said that particular line item illustrates the City's historic interest in preservation, and that it anticipates a continued interest in the future.

Deputy Mayor Grossman pointed out that many water-quality requirements, such as stormwater upgrades, are buried within the cost of City projects such as the Aurora Corridor. He said water quality issues are often addressed when older infrastructure is brought up to current standards. Mr. Haines concurred.

Ms. Tarry discussed changes to the expenditure side of the Surface Water Capital Fund, noting that the schedule for the Ronald Bog and 3rd Avenue Drainage improvements have been accelerated.

Councilmember Hansen expressed support for accelerating the 3rd Avenue project because of the flooding that occurred in 1996-1997. He said the City needs to have adequate infrastructure before another wet cycle begins.

Mr. Haines noted that the City added capacity in those areas through simple maintenance. Mr. Burkett added that new projects like 1st Avenue NE are contributing to increased capacity as well.

Responding to Councilmember Ransom's question about the condition of the conveyance pipes when they were examined, Ms. Marilley said that some pipes were almost entirely blocked, yet others were operating at almost full capacity. Ms. Marilley pointed out that the 3rd Avenue NW project is ahead of schedule due to the City's aggressive permitting effort and partnership with other agencies.

Ms. Tarry concluded by saying that only one new project, seed money for ROW acquisition in anticipation of future projects, has been added to the Surface Water Capital Fund. She emphasized that the Surface Water Master Plan will consider the long term fee structure needed to maintain both operational and capital sides of the fund.

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Mayor Jepsen summarized the issues about which Council asked for more information:

- ROW widths for the last two miles of Aurora and the budget for land acquisition;
- What to do about including master plans in the CIP, with and without design funding, without implementation funding and how to prioritize these projects;
- How much it would cost to analyze the option of undergrounding/overcrossing of the intersection at N 185th and Aurora Avenue;
- How to address a potential need for dedicated staff for high priority and expensive CIP projects

Mr. Burkett noted that the bulk of the City Engineer's salary is dedicated to various projects throughout the CIP. He said he could bring back an analysis of FTE allocation for each project.

Responding to Councilmember Ransom, Mr. Haines affirmed that original lists of proposed projects still exist, and that, as part of the master planning process, staff will review and prioritize the suggested projects in response to public opinion.

Mr. Burkett cautioned against identifying more potential projects since the focus of debate is whether money should be spent on studies or implementation of projects that have already been identified.

Councilmember Ransom pointed out that a past problem the Council identified, Saltwater Park beach erosion, is not addressed in the CIP. He suggested that Council review that issue at some future point. Ms. Marilley said some low-cost alternatives to prevent further erosion are planned for implementation in the fall.

Mayor Jepsen congratulated the Rotary Club for its efforts on the "pocket park" at NE 185th Street. Mr. Burkett said the project was a coordinated partnership with the City, noting that plantings and future playground equipment will greatly enhance that area. He mentioned other locations identified for potential improvements, including NE 175th Street & 12th Avenue NE, and N 185th Street & Aurora Avenue.

7. CONTINUED PUBLIC COMMENT

(a) Daniel Mann, Shoreline, expressed support for constructing an overpass at N 185th Street & Aurora, adding that the Shoreline Merchants Association is willing to work with the City on that possibility. He suggested that a good Transportation Master Plan should include more than \$166,000 over the next six years. He said an overpass at N 185th Street and Aurora will alleviate traffic congestion in neighborhoods and solve traffic ingress/egress problems on Aurora Avenue. He felt CIP money could be better spent on sidewalks and streetlights rather than on expensive studies.

Mayor Jepsen clarified that the Transportation Master Plan is spread over two years and totals \$250,000. He said the City will consider the overpass proposal in its analysis of that intersection.

Councilmember Gustafson noted that the BAC is considering sidewalks in its analysis of potential bond issues.

Mayor Jepsen commented favorably on the "street print" crosswalk project at N 175th Street and Linden Avenue N, but felt the asphalt could have had a deeper imprint so motorists know it is a pedestrian crosswalk. Councilmember Gustafson concurred, noting the importance of having signage to help slow traffic and in educating students to use the crosswalk consistently.

8. ADJOURNMENT

At 9:25 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli
City Clerk