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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF SPECIAL MEETING

Monday, December 1, 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 announced that Councilmember Montgomery had left a voice mail for the Council announcing her resignation as of midnight December 1, 2003.

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 Gustafson, seconded by Deputy Mayor Grossman and unanimously carried, Councilmember Montgomery was excused.

3. **CITY MANAGER'S REPORT AND FUTURE AGENDAS**

Steve Burkett, City Manager, distributed the Third Quarter Financial Report, noting that there are no significant changes and the General Fund revenues are slightly above projections.

Mr. Burkett asked Tim Stewart, Planning and Development Services Director, and Ian Sievers, City Attorney, to respond to comments made by Tim and Pat Crawford at last week's Council meeting regarding the Aegis development. Mr. Stewart explained that there are now legally two Aegis projects, the "north site" and the "south site." The building on the north site has been constructed under a valid building permit and is now open. A Land Use Petition Act appeal of the Shoreline Hearing Examiner's decision is underway in King County Superior Court and a written court order is expected this week. A building permit for the south site that involved a variance and SEPA MDNS was appealed in 2000. The court remanded for further evidence on the variance criteria and three elements of the MDNS review. The Hearing Examiner held a remand hearing and

denied the variance but upheld the MDNS with minor conditions. Aegis then abandoned the variance in favor of a Critical Areas Special Use Permit for the same building, which Council approved in October, 2002. This decision was not appealed, nor was the 2000 MDNS. Both are now final and a building permit for the south site has been submitted and is under review by staff.

Ian Sievers, City Attorney, responded to an assertion made last week that the City should not be using the 2000 MDNS in the current processing of permits for the south site. He provided background on the lawsuit and said the court never required that Aegis obtain a new threshold determination. He said it is entirely appropriate to use the existing MDNS because the minor modifications to the project do not constitute a substantial change requiring a new SEPA determination.

Mr. Stewart addressed a concern relating to the "edge of water" delineation for the project. He said Aegis has not changed the edge of water delineation, and that the delineations for edge of water and the buffers are identically reflected in the CASUP and the building permit application. He noted that the application proposes construction of paving and asphalt over that portion of the water quality vault located outside of the buffer areas. He said a decision on the building permit application must be made within 120 days after it is determined to be complete, assuming no additional information is needed.

Mr. Stewart responded to various concerns expressed by the Mayor. He clarified that the building permit application does not include a parking lot and turnaround area as was originally proposed. He said the parking has been reconfigured to be located outside the wetland/buffer area. He said the proposal staff is now reviewing includes construction outside the "no-build area" as reflected in the CASUP. Mr. Sievers affirmed that the CASUP as approved by the Council established the building demarcation.

There was additional discussion of the building demarcation. Mayor Jepsen concluded that the building permit may or may not be approved depending on whether it meets the conditions that were previously required by the CASUP.

Councilmember Ransom expressed dissatisfaction with the fact that both sides seem to have claimed victory in the court decisions. He questioned whether there have been any clear winners, and whether there will be a final resolution in the near future. He felt that staff has given an overly optimistic impression of the proceedings. He then asked if Aegis moved the building footprint further to the south as was required by the CASUP.

Mr. Stewart said the revised building plan appears to be consistent with all the terms and conditions that were included in the CASUP, although the application is still under review.

Councilmember Ransom asked if the City is taking independent measurements of the buffer or if it is relying on measurements provided by Aegis.

Mr. Stewart said the application with associated building plans includes a survey conducted by a registered land surveyor. He said the City would undertake further investigation if there is reason to believe the survey is not accurate.

Responding to Councilmember Ransom's question about whether City staff normally reviews surveys for accuracy, Mr. Stewart said the City will undertake a thorough review of all aspects of the application, including zoning and land use, to determine if it meets the criteria of the MDNS and the CASUP. He said all issues must be resolved to the satisfaction of the City before a permit is issued.

Mr. Sievers said a new survey is not required because the CASUP itself references a survey that was initially performed by Aegis. He said even though the Hearing Examiner upheld that survey and Council adopted it, staff should ensure that it is staked out correctly.

Councilmember Ransom asked about the status of the fish barrier at Peverly Pond.

Mr. Sievers explained that the property owner, Washington State Department of Transportation (WSDOT), would not permit the City to remove the fish barrier.

Mr. Stewart pointed out that the Washington State Department of Fish & Wildlife is instructing Aegis to remove the barrier, while another state agency, WSDOT, is prohibiting Aegis from removing it. He recalled that contingency mitigation was included in the event the state would not grant permission.

Mr. Sievers noted that staff has already reviewed some preliminary plans for stream enhancement in Twin Ponds Park as part of that mitigation.

Councilmember Ransom said the public perception is that the City has already taken a position on the issue because of what has progressed thus far.

Mr. Stewart explained that the City has 120 days to undertake a detailed review of all areas of the permit application. He said it will be checked for completeness and compliance with all City codes and conditions of both the CASUP and MDNS.

Councilmember Chang expressed concern about the continuing conflict between the public and the City on this issue. He wondered if the Planning Department and the City Attorney fully understand the concerns involved. He wondered if the problems can be resolved by the Council or whether they must be addressed in the courts.

Mr. Sievers cited a case in Spokane wherein city councilmembers intervened in a process in which they had no role. He said the Council should not intervene because it has no further role now that the CASUP has been approved.

Mayor Jepsen suggested that Councilmembers reacquaint themselves with the provisions of the CASUP as approved the Council.

Mr. Burkett concluded that it is now staff's responsibility to review the application and ensure it complies with the Council's decision.

Responding to Councilmember Ransom, Mr. Sievers said the arguments brought forth by the Crawford's attorney focus solely on the north site. He reiterated that the appeal period for the CASUP and the associated MDNS has long since expired, so the only remaining item for the south site is the building permit.

Responding to Councilmember Ransom's earlier remarks, Mr. Burkett agreed that this is a very contentious issue with no clear winners or losers. He felt that a simple resolution could not be achieved due to the complex issues involved.

Upon consensus by Council, the Crawford's were given time to present their arguments with regard to this matter. Mrs. Crawford disputed the information presented by the City Attorney and said there are three different lawsuits that are now combined and the court has not completed its ruling on the south site. She also said that she and her husband appealed the CASUP decision and the MDNS in November 2002. She said the judge ruled that Shoreline and Aegis misapplied the provision allowing buffer averaging and misinterpreted the provision allowing intrusions into the buffer. She said he also determined the Hearing Examiner applied an erroneous standard regarding the "ordinary high water mark." She asserted that the MDNS cannot possibly be applicable if the impacts of the new proposal have not been measured.

4. COUNCIL REPORTS: none

5. PUBLIC COMMENT

(a) Leta Blackwell, Shoreline, discussed the organization of the Planning and Public Works departments and said the City should not contract out for such projects as NE Serpentine Place because City staff should be doing this work. She felt City staff would be more accountable to the community than contractors. She asked if the Council's dinner meetings were executive sessions, and noted that Shoreline citizens are at the top of the City's organizational chart.

(b) Doug Timpe, Kenmore, Sandy Elliot, Kirkland, and Dan Harkleroad, Lake Forest Park, on behalf of the 32nd District Republicans and 32nd District Democrats, introduced a bipartisan resolution asking that Council use the full 90-day period to fill the Council vacancy. They asked that the deadline for applications be changed to December 15, and that the interview process extend into the first two weeks of January with the decision date on January 20. They said this proposal will allow the public to comment after Council interviews and will dispel the perception that a decision has already been made. They added it will also allow the newly elected Councilmember to participate in the decision.

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(c) Bill Meyer, Shoreline, commented on the political nature of the Council appointment process. He said the Council will basically make a selection decision that best serves the majority in power now. He felt the majority is doing everything in its power to retain control of the direction of the City. He strongly requested that the process be postponed until January to allow a new mix of Councilmembers to make the decision, and to allow adequate time for people to apply. He supported the bipartisan proposal and said the new Council mix will give a better picture of constituent thought.

(d) Cindy Ryu, Shoreline, called attention to an error in last week's North City Landing staff report which represented \$113,000 in one-time revenue as annual income for 10 years. She said she would appreciate more honesty from staff.

(e) Virginia Paulsen, Shoreline, expressed numerous concerns about the proposed process to fill the Council vacancy. She said allowing the Councilmembers to select the replacement differs from a democratic system in which power remains in the hands of the people. She characterized the process as a "rush to judgement." She asked the Council to respond to the rumor that former Mayor Connie King is the predetermined choice. She hoped that all candidates will be given fair and unbiased consideration. She asked if any current Councilmembers have any past, personal, or professional affiliation or business stake in the development of the Aurora Corridor project. She urged the Council to allow Shoreline citizens to provide input on all matters related to government decision-making.

(f) Ginger Botham, Shoreline, recalled a time when the Council allowed more time for the public to comment on policy issues. She said reducing the public comment time makes the public and the process irrelevant. She urged the Council to use the full 90 days for the Council vacancy process.

On another topic, she asserted the City's consultant did not evaluate the habitat for artificial water courses in Shoreline as part of the stream inventory, noting that every watercourse has been modified at some point in time. She said staff recently impugned the integrity of neighbors who claimed they did not receive notice of a SEPA determination.

(g) Dennis Lee, Shoreline, said Council is jeopardizing the democratic system if it tries to control public testimony. He urged the Council to extend the Council vacancy process to allow the newly elected member to participate. He pointed out that there is a process for recalling elected Councilmembers. He said the Council's voter mandate is slipping away, and citizens should be allowed to comment at the end of all public meetings.

(h) Janet Way, Shoreline, asserted that Aegis removed the "check dam" at Peverly Pond without permission from WSDOT or WDFW, thereby reducing the size of the pond to make the Aegis site more amenable to its construction plan. She said Thornton Creek is a Class II salmon stream that deserves the respect of the City, and that the pond no longer matches the Seattle Public Utility Stream Characterization Report.

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(i) Justin Osemene, Shoreline, said he legally represents a client regarding the process for replacing Councilmember Montgomery. As an attorney, he cautioned the City to take more time and win the people's confidence, noting that the incoming Councilmember should be able to participate in the process. He questioned the motives, ethics and morals of the Council for wanting to conclude the process before December 31. He advised Council that the process would be tracked by his law firm, and that it will set a precedent for future actions.

(j) Richard Johnsen, Shoreline, pointed out that the Shoreline Historical Museum recently unveiled a new publication on Judge J.T. Ronald, who served on the King County Superior Court for over 40 years. He emphasized Judge Ronald's many contributions to the community and urged the public to read the book. He said Shoreline cannot be a great city unless its citizens have a basic understanding of its history.

(k) Stan Terry, Shoreline, said the 32nd District Democrats would have more credibility if they were more consistent with their own practice in making an argument about the Council vacancy process. He pointed out that they supported a short timetable to select Maralyn Chase to fill the vacancy in the State House of Representatives created by the departure of Carolyn Edmonds.

(l) Larry Owens, Shoreline, expressed support for the joint resolution by the 32nd District Democrats and 32nd District Republicans. He discussed Councilmember attendance at Council meetings over the past year, noting that Councilmember Ransom has 100% attendance. He said Councilmember Montgomery represents approximately 46% of all absenteeism, and that she and Deputy Mayor Grossman represent 62% of all absenteeism this year. He said the appointed Councilmember should be someone who is committed to participating and listening to all viewpoints. He asked Council to reconsider the three minute rule for speakers, noting that they mean no disrespect if they exceed the allotted time.

(m) Patty Crawford, Shoreline, said the Council should ignore the advice of the City Attorney because case law supports the Council's involvement in cases such as Aegis. She asserted that the City has tried to change its various codes to cover up for the mistakes of developers. She disagreed with the new definition of reasonable use, which states that it shall be "liberally construed to protect the constitutional rights of the applicant." She said no more changes should be made to the Comprehensive Plan and other city codes. She said that Aegis originated the term "artificial water course," and that WDFW has invalidated its approach in other jurisdictions. She said the City is changing the code to lessen the environmental protections specifically related to the cases she has brought to court.

(n) Rick Stephens, Shoreline, said the City's files on the Aurora Corridor project indicate that 98% of the citizens who commented are opposed to the plan proposed by the City. He asserted that the City has ignored this information in favor of proceeding with a plan that is too expensive and that adversely affects property owners.

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(o) Tim Crawford, Shoreline, pointed out that there are numerous lawsuits filed against the City regarding the Aegis project. He asserted that the City Attorney “is lying” when he says there is only one case pending in court.

Mayor Jepsen expressed his opinion that it is more cost efficient to contract for construction inspection services rather than hire full time staff. Councilmember Gustafson concurred. Mr. Burkett pointed out that two new positions funded in the Capital Improvement Plan will provide more staff oversight for future capital projects.

Responding to Mayor Jepsen, Jan Knudsen, Economic Development Coordinator, acknowledged the validity of Ms. Ryu’s analysis of last week’s staff report on the North City Landing project.

Despite the error, Mayor Jepsen felt the Council’s action last week was consistent with its policy relating to affordable housing and the City’s Growth Management Act targets.

Mayor Jepsen asked staff to verify whether the check dam has been lowered or removed at Peverly Pond. He commented favorably on the community’s effort in publishing the Judge Ronald book.

Responding to Mayor Jepsen, Mr. Stewart gave an update on the stream inventory process, noting that the Planning Commission is reviewing it this week. He said one of the issues will be clarification of the term “artificial water courses.” He said staff is recommending language that would clarify there are no regulatory policy distinctions between the terms “open water course” and “artificial open water course.”

Mayor Jepsen responded to comments regarding the Council vacancy process. He indicated that a resolution passed by the 32nd District Democrats recommends that Council appoint one of two people to the Council position. He felt the application process approved by Council should run its course since it is fair and open to all who wish to apply. He said he looks forward to reviewing all the applications, adding that he has not come to any predetermined conclusions.

Responding to Ms. Paulsen’s comments, Councilmember Hansen said he does not have any interest in properties along Aurora Avenue. Mayor Jepsen, Deputy Mayor Grossman, and Councilmembers Gustafson and Ransom indicated they had no interest either. Councilmember Chang said although he owns a business on Aurora, he has an interest in the welfare of all Aurora Corridor businesses.

6. APPROVAL OF THE AGENDA

Deputy Mayor Grossman moved approval of the agenda. Councilmember Hansen seconded the motion, which carried unanimously and the agenda was approved.

7. CONSENT CALENDAR

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Councilmember Ransom asked that Item 7(d), Ordinance No. 344, be removed from the Consent Calendar and made Action Item 8(a). **Councilmember Hansen moved approval of the consent calendar as amended. Councilmember Gustafson seconded the motion, and the following items were approved unanimously:**

Minutes of Special Meeting of November 17, 2003

Approval of expenses and payroll as of November 21, 2003 in the amount of \$1,179,155.99

Motion to authorize the City Manager to execute a construction management agreement with W & H Pacific for the Serpentine Place Storm Drainage Improvements Project for an amount not to exceed \$60,080

Motion to authorize the City Manager to execute an amendment to the professional services contract with KPG for up to \$50,000 to complete design, plans and specifications for the North City Project; and for up to \$25,000 for construction engineering services during construction

Resolution No. 211 approving an amendment to the §401(a) Defined Contribution Retirement Plan established for all employees under Nationwide Life Insurance Company Contract No. 013-06329 to supplement minimum distribution requirements in compliance with recent federal laws

8. **ACTION ITEMS**

- (a) Ordinance No. 344 extending the franchises under which Seattle Public Utilities is authorized to provide water within the City of Shoreline

Councilmember Ransom moved to pass Ordinance No. 344. Councilmember Gustafson seconded the motion.

Councilmember Ransom suggested that the extension of the Seattle Public Utilities (SPU) franchise should be longer than six months to enable the City to negotiate the eventual purchase of the franchise.

Mayor Jepsen favored moving forward with the ordinance since the water district is well aware of the City's intentions.

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Councilmember Hansen said longer-term agreements could cause uncertainty and prevent the City from seeing where the negotiations might lead.

Mr. Burkett noted that the City will probably return with another extension in order to allow the Shoreline Water District to continue negotiating with SPU.

Councilmember Chang asked if this extension will affect the rates. Mr. Burkett noted that the rates are set by the Seattle City Council.

A vote was taken on the motion, which carried 6-0, and Ordinance No. 344 was passed.

9. NEW BUSINESS

- (a) Project status for development of master plans and Comprehensive Plan update

Mr. Stewart and Anna Koulosek, Assistant Director of Planning and Development Services, provided a report outlining the current status of projects and next steps for developing master plans and the Comprehensive Plan update. They explained that the Master Plans and Comprehensive Plan Update Project includes developing master plans for transportation, surface water facilities and parks, recreation and open spaces, and completing a major update to the City's Comprehensive Plan. Their presentations included the following points:

- The process includes four distinct phases: 1) Listen & Learn – September-January; 2) Writing – October-February; 3) Public Review – January-March; and 4) Final Draft and Adoption – Late Spring/Summer. It was designed with several opportunities to provide the public with information about project. Two public meetings were held to provide more opportunity for people to participate. Approximately 60 people attended on September 24 and about 40 people attended on September 25.
- Just over 40 comment forms and eight typed pages of station flipchart notes were submitted at the public meetings. Summaries of the public comments have been posted on the City website.
- In addition to the public meetings, public input has been solicited in a variety of ways. When public comments are received, they are forwarded to the staff and consulting engineers and planners for their consideration during the project. Public comments are also provided to the Planning Commission.
- The Planning Commission established three workgroups to guide the City staff and consultants during the development of the plans: 1) The Transportation Workgroup; 2) Surface Water and Environment Workgroup; and 3) Land Use and Comprehensive Plan Workgroup.
- The initial first drafts of the plans will be written based on current land use, transportation, surface water, and parks data and analysis, such as a computer

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model of future traffic conditions; public input; cross-discipline review of draft concepts; and input from Planning Commission workgroups and the Parks, Recreation and Cultural Services Board.

- The timing of the public hearing process will be driven by the amount of additional research required to respond to comments on the first draft. The Council review and adoption process will follow the Planning Commission's recommendation.

Mr. Stewart summarized the City's next steps, noting that a draft Comprehensive Plan update and master plans should be available for public review in mid-January.

Responding to Councilmember Hansen, Ms. Koulosek clarified that three Planning Commission members comprise the Environmental Surface Water Group. She noted that the Thornton Creek Watershed Oversight Council (TCWOC) has been attending some of the group meetings and presented the group with their official comments and suggestions.

Mr. Stewart noted that he and other staff members have met with the TCWOC, which is eager to participate in the process.

Councilmember Gustafson said he looks forward to seeing the draft, noting that these updates will give Council the policy direction it needs to proceed forward.

Deputy Mayor Grossman wanted assurance that the goals of the Parks, Recreation and Open Space Plan would also be represented in this effort. Mr. Stewart confirmed that the objective is to satisfy as many needs as possible.

Responding to Councilmember Ransom, Mr. Stewart confirmed that the Parks, Recreation and Cultural Services Board (PRCSB) is primarily responsible for parks-related issues. He said the Planning Commission and the PRCSB will be brought together to ensure there is dialogue and cooperation in this effort.

Councilmember Ransom pointed out that the parks survey indicated a strong need for sidewalks and other transportation-related items. He wondered if they would be considered as part of the Transportation Master Plan.

Paul Haines, Public Works Director, indicated that they would, although priorities and available resources must be identified in the process. He emphasized the importance of continuous contact between the various groups in order to progress at the same rate. He said the goal is to ensure the City considers multiple uses for all facilities that are built.

Councilmember Ransom wondered if the City is planning for adequate traffic capacity on streets such as Aurora Avenue. He felt the three-lane configuration of 15th Avenue NE may result in a bottleneck at NE 175th Street. He expressed concern about potential cut-through traffic on 10th Avenue NE. He also commented on the increasing traffic congestion on Meridian Avenue N and wondered if it should be expanded to four lanes.

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Mr. Haines said all these questions will be considered in a policy discussion about transportation priorities. He said the City will continue to use regional modeling to predict growth and capacity.

Mayor Jepsen suggested that Councilmember Ransom reintroduce his traffic concerns after the draft is released in January.

Regarding the public input aspect of the plan, Councilmember Ransom noted that some people's comments have not been included in past records. He wished to ensure that all comments are included in follow-up reports.

Mr. Stewart confirmed that the City is collecting, summarizing, and cataloguing all comments that are received.

(b) North Central Interurban Trail—next steps

Bob Olander, Deputy City Manager, explained that staff is requesting authorization to accelerate the design process of the north central segment of the Interurban Trail (N 175th to N 192nd) from 2006 to 2004. The various segments of the Interurban Trail project are moving ahead as scheduled. He pointed out that two development possibilities along Aurora in the Central Area may make it advisable to accelerate the planning and design for this segment of the Interurban Trail. Development at the "wedge" north of 175th and at the Gateway site would likely trigger mitigation requirements to construct adjacent trail segments similar to what was required at Top Foods. While the Capital Improvement Plan (CIP) does not schedule construction of this segment until 2006, current plans by developers may provide an opportunity to move ahead sooner rather than later. Given the complexities of these inter-relationships staff proposes that full design for this trail segment be initiated.

He outlined the following advantages to moving ahead:

1. It will resolve issues needed for the private redevelopment of Gateway and Ronald wedge north of 175th.
2. It will provide assurance of a unified trail design through this area even if parts are built in segments as development mitigation.
3. This level of detail will be required to satisfy Seattle City Light (SCL) prior to authorizing trail construction.
4. Final plans will allow the City to be eligible for new or "leftover" grant funds.
5. It allows the City to proceed with SEPA review.
6. The process (in conjunction with private redevelopment) will provide the framework for as much advance notice to business owners located on SCL right-of-way as possible.
7. As the other trail segments are completed there will be increasing public demand to finish this "missing link."

Some disadvantages include:

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1. The City does not have grant funds for the design and would have to reprogram 2006 local CIP funds to 2004. This could be mitigated if a waiver of retroactivity can be obtained from the State Interagency for Outdoor Recreation (one of the primary granting agencies).
2. The City may have to add staff capacity.
3. There may be concern about displacement from the businesses in this area, although it would still be preferable to give them as much advance notice as possible. It will be difficult, if not impossible, to find comparable lease rates. However, if the City is to build this trail section the businesses will have to relocate, and it is beneficial to provide as much advance notice as possible
4. Private redevelopment may not happen.

Mr. Olander concluded by saying that staff believes the advantages of proceeding strongly outweigh the disadvantages. Moving ahead with design in 2004 will require reprogramming approximately \$400,000 in the CIP from 2006 to 2004. The Finance Director indicates the City has sufficient cash flow to accommodate this request.

Mayor Jepsen expressed support for moving forward because planning for potential redevelopment is a sensible approach.

As in previous discussions about the Interurban Trail, Councilmember Hansen asked if Shoreline is coordinating the trail alignment with the City of Edmonds.

Kirk McKinley, Interurban Trail Project Manager, said the City is working with Edmonds, although no alignment has been selected because Edmonds just started the Request for Qualifications phase of its project.

Councilmember Hansen expressed concern about a lack of safety if pedestrians are made to cross N 205th Street at grade level. He felt the City should consider the possibility of designing the crossing underneath the roadway. Councilmember Ransom concurred, noting that one section of N 205th Street would be an ideal location for an underground crossing.

Mr. Haines pointed out that the design from 200th to 205th is mostly painted roadway. Therefore, if Council chooses a different design, such as an underground crossing, it will need to identify a revenue source to fund it.

Councilmember Ransom pointed out that relocation costs for property owners in the wedge are much higher than the staff report indicates. He said the report does not consider the fact that many property owners will be forced to construct new buildings.

Mayor Jepsen noted that most business owners recognize that changes along Aurora Avenue are imminent. He said they are also aware that their current leases are well below the market rate. Councilmember Hansen pointed out that many businesses also recognize the inadequacy of their current structures.

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Councilmember Ransom restated his point that the estimate does not reflect the whole story about business relocation costs. He wished to have the issues in the wedge resolved in conjunction with the design of the trail in order to provide certainty to businesses in that area.

Mr. Olander explained that Mr. Stewart will be heading up the effort with businesses in the wedge. He said planning for the wedge and Interurban Trail design will proceed on a parallel track to ensure trail uniformity and redevelopment are complementary and well-timed.

Responding to Councilmember Chang, Mr. Olander said the proposal is to move forward approximately 400,000 from the 2006 CIP while simultaneously moving ahead more rapidly with the grant application process. He felt moving forward with the design now is worthwhile even if the grant funding cannot be acquired immediately. He noted the possibility of reallocating CIP funds or funding it through private development mitigation.

Councilmember Chang expressed concern that the City could lose the sales tax generated by the businesses along this segment of Aurora Avenue without a guarantee that the project can be built, and without grant funding. He wished to know how much annual revenue is generated by businesses in the wedge.

Mayor Jepsen said the proposed action is more of an opportunity to plan ahead rather than an action that triggers relocations or lease provisions. He said it simply provides certainty to potential developers who wish to locate there. He pointed out that this same kind of planning allowed Top Foods to locate and build a section of the Interurban Trail as part of its mitigation.

There were five Councilmembers who supported the recommendation. Councilmember Chang had continued reservations because of the potential loss of tax revenue due to businesses leaving the wedge.

Mr. Olander reiterated that the recommendation simply proposes that the design be initiated.

Mayor Jepsen asked staff to follow up on Councilmember Chang's question regarding sales tax revenues from businesses in the wedge.

10. ADJOURNMENT

At 9:45 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli, City Clerk

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