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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, January 24, 2005
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

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

ABSENT: none

1. CALL TO ORDER

The meeting was called to order at 7:30 p.m. by Mayor Hansen, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Hansen led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. CITY MANAGER'S REPORT

Steve Burkett, City Manager, provided a brief update on the City's financial situation, noting that revenues are exceeding expenses; sales tax was \$250,000 more than the revised estimate; there is a very healthy reserve; we are reinvesting in our infrastructure; and the City has no general obligation debt and only a small amount of debt in the Storm Water Utility, which is being repaid with storm water utility fees. He concluded that the City is in very good financial shape due to the Council's prudent financial policies.

4. REPORTS OF BOARDS AND COMMISSIONS: none

5. PUBLIC COMMENT

(a) Jean Christensen, Lynnwood, spoke as Shoreline business owner, reporting that since the demolition of the QFC shopping center, the rodent population has migrated into her shop and others in the vicinity. She described efforts to clean up after the 200-300 rats in her building. She said she was told by City staff to contact the developer, but she felt a contingency should have been attached to the permit to require the developer to address this situation. She wanted Shoreline to take responsibility in this situation.

(b) LaNita Wacker, Shoreline, provided supplemental information related to her testimony about zoning for urban forests in the Comprehensive Plan. She said the Washington Department of Natural Resources has an urban and community forestry program. She said trees have economic, psychological, aesthetic, and environmental benefits to a community. She said her concept also includes a sustained reforestation program. She described the situation in Kenya, where one person started a reforestation program. This woman is now Kenya's Assistant Minister for the Environment and this year's winner of the Nobel Peace Prize.

(c) Vicki Westberg, Shoreline, commented on the prices of picnic tables, benches and garbage cans as described in the Parks, Recreation and Open Space Master Plan. She described the costs to provide these and their distribution. She pointed out discrepancies in the figures and said this underscores the need to go over these documents thoroughly and examine the fine print.

(d) Dennis Lee, Shoreline, emphasized the importance of citizen participation and public comment. He said long-time residents know their neighborhoods intimately and he was frustrated that promises were made about process that haven't been kept. He said there is no process to reach down into the neighborhoods so that decisions are not made by staff or consultants. He concluded that he has been commenting for years about the same things: Briarcrest is a land-locked neighborhood; Seattle has over-built apartments; and interim development controls are needed.

(e) Elaine Phelps, Shoreline, corrected a comment made at a previous meeting that she was intimidated by the presence of police. Instead, she said she was intimidated by the intemperate and injudicious abuse of police power by the Mayor. She also supported Ms. Wacker's comment regarding the protection of trees, noting that trees are being cut in neighborhoods and parks for views. This is contrary to public benefit for several reasons, including impacts to water/air quality, surface water management, and habitat. She said trees are being cut in the Innis Arden Reserves to improve views at the expense of the Reserves. She asked the Council to consider our legacy to future generations.

(f) Pat Crawford, Shoreline, objected to the fact that last week there was a whole slide show responding to her comments about Peverly Pond. She said doing this under the City Manager's Report is unfair, because no one knows if a particular item is going to be addressed because it is not called out on the agenda. She also felt it took a lot of staff time. She submitted pictures of Peverly Pond and mentioned the latest Environmental Checklist from Aegis (October 2003) that indicated that when the vault was installed, surface water was encountered. She said the work could have punctured the pond, but this was not investigated. She also contested the City's statement that the site was cleared under a valid permit because she said the permit was voided by Superior Court.

(g) Tim Crawford, Shoreline, was confused about whether there will be public notice of a continued public hearing on the Comprehensive Plan. He said there is a big difference between a workshop and a public hearing with notice. On another topic, Mr.

Crawford elaborated on comments made by the Deputy City Manager last week that the City had been relieved of responsibility in the Tia Townsend lawsuit. He said he attended the court hearings on the City's request for summary judgments but the court did not relieve the City of responsibility at either hearing.

(h) Pat Murray, Shoreline, asked if special treatment is being given to the trail surface of the Interurban Trail where it crosses roadways. He also asked the Council to support Fircrest staying open. Continuing, he said months ago he had asked the City to look into continuing the recycling rebate program; but nothing has been done, despite the fact that Waste Management says this is within the City's prerogative. Finally, he asked whether Peverly Pond is public or private.

(i) George Mauer, Shoreline, commented on the ban on applause. He said applause is approval and is used to encourage and support speakers. He said Council is "shooting itself in the foot" and "throwing the baby out with the bath water" by lumping applause with other disruptive forms of behavior. He said there are two key components to communication, what is said and the strength of the conviction. Applause shows the strength of support for the speaker's comments. Councilmembers represent the citizens and are therefore "shooting themselves in the foot" when they restrict their ability to determine the importance of what a speaker is saying. He said the ban is in place because it is painful for a politician to hear support for the opposing side.

(j) Janet Way, Shoreline, addressed the Transportation Master Plan regarding the continuation of 165th NE from 15th to 25th, which would go through the north end of Hamlin Park. She said the site is a ravine with Hamlin Creek in it. This is a tributary of the headwaters of Thornton Creek. She asked Council to consider this and spend the money elsewhere. She also thanked Mr. Crawford for his comments and expressed the view that Peverly Pond, Thornton Creek and all the creeks in Shoreline deserve to be fish and wildlife habitat conservation areas. She advised the City to take a look at this designation, which is required under the Growth Management Act (GMA).

RECESS

Because of applause from the audience, Mayor Hansen recessed the meeting at 8:10 p.m. The meeting reconvened at 8:18 p.m.

6. APPROVAL OF THE AGENDA

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

7. CONSENT CALENDAR

Councilmember Fimia asked that Item 7(c) be pulled and postponed. The City Clerk said it should be considered as Item 9(b). Councilmember Ransom moved

DRAFT

approval of the consent calendar as amended. Deputy Mayor Jepsen seconded the motion and the following items were approved unanimously:

Minutes of Special Meeting of January 3, 2005

Approval of expenses and payroll for the period ending January 12, 2005, in the amount of \$1,818,966.31

Motion to authorize the City Manager to execute a contract supplement to the existing Design Services Contract for final plans, specifications and estimate (PS&E) to add additional design services beyond the original contract scope, Aurora Corridor Improvement Project, Phase 1

8. ACTION ITEMS: PUBLIC HEARING

- (a) Public hearing to consider public comments on the purchase of the Echo Lake property for a City Hall

Mr. Burkett provided the background on this item, noting that planning for a city hall began when the City incorporated and a city hall has been in the Capital Improvement Program since 2000 and on the Council work priority list since 2001. He said that for the last three years the City has investigated various sites, including Hamlin and Cromwell Parks, the Park and Ride at 192nd, and the Gateway Plaza site. After much review, the Council authorized staff to make an offer on the Echo Lake site and in December 2004 authorized the sale agreement. Now the City is in a due diligence period, with a final decision in March.

Continuing, Mr. Burkett said the estimated project cost is \$21.4 million. Of this, \$1.4 million is the cost of the park. As part of the design process, these estimates will be refined. There is \$11.4 million in savings to be used for a down payment, with the remaining funding coming from municipal tax exempt bonds to be repaid over 20 years. The interest rate will probably be between four and five percent, with a debt service of about \$700,000 per year. This would be paid back by the savings of not paying rent and from some of the City's real estate excise tax.

Mr. Burkett agreed that \$21 million is a lot of money. He demonstrated a list of cities that have moved into new city halls. Shoreline's costs per capita are lower than all of them, except Federal Way, which was able to buy and renovate an existing building.

Mr. Burkett discussed the option of continuing to rent. He showed the crossover of costs of renting versus paying for a city hall. It will be less expensive to continue to rent for ten years, but at that point, owning will be less costly.

Mr. Burkett described the proposal to purchase the Echo Lake site, noting that the city hall component, Pad A, is 86,000 square feet (sqft.). 53,000 sqft will be park land. The

DRAFT

City would acquire 47% of the buffer area and 47% of the common area. This is a total of 204,000 sqft and the price is \$23/sqft. He noted that property along Aurora Avenue has ranged from \$30 - \$42/sqft. Other land uses are proposed for the site, including a YMCA facility on the southwest corner, multi-family housing and retail in various locations if the market supports it.

Mr. Burkett said staff is considering the issues already raised with regard to the site, as well as the issues to be raised tonight during the public hearing. The budget will be refined and the environmental issues evaluated. He said a Phase 1 environmental review has already been done, and staff is in the process of evaluating storm drainage and water quality issues. He said the City has committed to increasing the water quality by treating the water from the site and the water coming from off site. He said soils testing is underway to assure that the site can accommodate the parking structure. He said the complex part of the proposal is the development agreement with the YMCA and others outlining the shared costs, how the operation and maintenance of shared areas will be handled and parking issues, including putting some of the parking for the YMCA parcel on the City's portion.

Mr. Burkett said the key milestones are the Council decision on the purchase and sale agreement, and the proposal of a design/build process which will include community involvement. This approach will reduce the cost of the project by eliminating the need to go through the low bid process. Then comes the Comprehensive Plan site plan process, which will go through July 2005, and design through March 2006. Then construction can begin.

Mayor Hansen opened the public hearing.

(a) Stan Terry, Shoreline, said there is a large group of "malcontents and naysayers" who bring negative energy to the Council meetings. He mentioned various projects this group has opposed. He supported the purchase of the property, noting this will save taxpayers money in the long term. He also noted that the City will gain a new park with easy access to the Interurban Trail. The project will improve water quality in Echo Lake and involve a positive partnership with the YMCA.

(b) LaNita Wacker, Shoreline, favored this site, noting that at the end of the bond period, the City will own the property free and clear. She suggested putting a smaller amount down, leaving more in cash reserves. She said the location harkens back to the use of the park as an historic resort. The location is excellent for a community center, particularly if the YMCA is there. She concluded that citizens should participate in the design, and she suggested the use of solar energy and a roof garden.

(c) Peter Henry, Shoreline, said the Comprehensive Plan includes a requirement to provide affordable housing and encourage preservation of existing housing stock. He asked whether the City is currently meeting the King County targets for low income housing. He asked how these targets will be impacted by the demolition of the mobile home park and nearby apartments and what assistance the City has

DRAFT

provided to the residents of the mobile home park who have been forced to relocate. He asked what incentive has been offered to maintain affordable housing as required in the Comprehensive Plan.

(d) Jim Abbot, Shoreline, concurred with Ms. Wacker, noting he paid \$22/sqft for commercial property at the north end of Echo Lake five years ago. At the Gateway Plaza site, he paid \$31/sqft. The park near the Interurban Trail is an incredible benefit and the city hall and YMCA will complement each other.

(e) Tracy Tallman, Edmonds, favored an owned city hall, but she said there are differences between the diagram shown tonight and the one proposed in the rezone packet. In the newer diagram, much of the park is buffer and all the at-ground parking has been eliminated. The building has also been reduced in size. There is no access to the condominium parking except through the common area which is purported to be a public gathering place. She said the buffer should be 115 feet, rather than the 100 that is proposed in order to be consistent with the new critical areas guidelines being proposed. She said there are inconsistencies in the environmental checklist that accompanies the application, which she outlined. Finally, she said the house at the site is on the King County historical registry.

(f) Virginia Paulsen, Shoreline, said that when buying a house all options must be considered and discussed. Yet in this case, there has not been public discussion of the criteria to be applied nor how it was applied. She said no public input has been solicited. She felt there should have been a public hearing at the point that appropriate site criteria were developed. She also wanted to know when the siting criteria and rankings were formally adopted. She said it is critical to have transparency at each point of the decision-making process to ensure that there are no suspicions of behind-the-scenes deals.

(g) Pearl Noreen, Shoreline, said this is a visionary decision and she has collected 165 signatures in one week of people who support it. She painted a picture of what the site will look like, with a park, the Showmobile for a concert, people using the Interurban Trail, a City Council meeting underway, people using the YMCA, and people are living in the new condos.

(h) Tom Dunnihoo, Shoreline, said this picture does not take into account that there are other infrastructure needs in the City, such as housing for those who are being relocated, sidewalks, street lights, etc. He said the people of Shoreline do not support building a city hall at this point. They want police protection, safe streets for driving, sidewalks, and fire protection. After these are resolved, Council can think of building a city hall.

(i) Cindy Neff, Shoreline, supported the project, saying there is a need for indoor and outdoor meeting space. She said this will make the City one her children will want to stay in. She said owning versus renting is a positive financial step.

DRAFT

January 24, 2004

(j) Janet Way, Shoreline, spoke for the residents of Holiday Resort, who, she said, cannot speak for themselves. She suggested that Council find a solution to help them make a transition to find a decent place to live. Speaking for Thornton Creek Legal Defense Fund and the Sno-King Environmental Council, she suggested looking at the actions Council is taking for conflict of interest and appearance of fairness. She asked if it is legal for the City to undertake a rezone while endeavoring to purchase a piece of property. She thought the purchase should be completed first. She felt there should have been a public hearing before the option to buy was exercised. She was concerned that the appraisal was done without disclosure of important environmental information regarding soils, wetland/stream analysis, gas station/convenience store information, and other detrimental factors that might affect the value of the property. She stated there is a stream in the stream inventory that runs under the site. She suggested that the City order a new appraisal, the cost of which should be shared with the property owner. She concluded with concerns about the historical values of the property; the stream habitat, especially for salmonids, the amount of impervious surfaces (which will increase by 85%), bias in the decision-making process, costs, traffic flow and the value of public/private partnerships.

(k) Richard Tinsley, Shoreline, discussed the rent/own decision. He said there are costs with owning, and purchase should only be made when it can be afforded. In his opinion, Shoreline is at a point where it cannot afford a city hall because there are other more important needs, such as roads, sidewalks, and low income housing. He commented on the financing plan, noting that although the City says it will not raise taxes, they have already been raised but they are called fees. He felt the City has been negligent in preserving the environment and advocated a 200-foot buffer and improvements in wildlife habitat. He concluded with a suggestion that the City look at building city hall at Fircrest.

(l) Cindy Ryu, Shoreline, said that if a private home is to be purchased by a husband and wife, usually either has veto power. If the concerns of the other are ignored, the "marriage won't be that happy." She wished to hear the response to the request for documentation on public process for the site criteria. She pointed out that the residents survey showed that city hall was fifth of six items that people supported a bond for. She also questioned the financing plan.

(m) Dennis Lee, Shoreline, understood the process of buying property and agreed that this could not be done in the public eye. He also agreed that Shoreline needs a city hall. However, he suggested that if not being centrally located has been eliminated as a criteria, sites such as Fircrest should be reevaluated. He said the City could buy this property for other uses. He said there is no momentum to rezone and build right now. He said selling some of the property might even generate income for the City. He did not think the private/public partnership should be part of the rezone process. He said the City should take the time to work out the details.

(n) Pat Webber, Shoreline, made the analogy of the woman discussing a

DRAFT

potential relationship with two elderly aunts to this discussion of the concerns of the citizens. She said citizens want to see substantive issues of financing, environment, traffic, and other infrastructure needs addressed before moving forward. She said the citizens asking questions are being responsible, not negative.

(o) George Mauer, Shoreline, mentioned that ownership brings property taxes. He asked if it is lawful for the City to pay more than the appraised value of the property. Even if lawful, he said it is very poor policy. He said it is not clear to him that the City gets the 55,965 square feet of common area. The \$23/square foot appears to be an average of the buffer costs, city hall site pad and common areas. He did not think it was appropriate to average the costs of these components. He suggested that if a new appraisal is made, these be evaluated separately. He said the latest appraisal is May 2003, which he said gives a cost of \$18.50/square foot, not \$23. He said the City should get a new appraisal, with the cost shared by the property owner.

(p) Walt Hagen, Shoreline, said he has always asked the Council to err on the side of appearance of fairness and forthrightness. He protested having a public hearing coming after the decision has been made. He said the developer is trading buffer land for the common area, and the City should not pay the same price for buffer land as for the City Hall. He supported a centrally located city hall but not a public/private partnership. He said nothing has been published about how the site criteria was applied. He also questioned paying \$23/square foot for \$18/square foot land. He said he would like to have a city hall, but not at these costs. He suggested getting more citizen input before moving forward.

(q) Timothy Peterson, Shoreline, speaking for the Holiday Resort Association, said Echo Lake was being considered for city hall in 2003, yet he had asked the mayor at that time if this site was considered for city hall and he didn't receive a definite answer. He said knowing that it was under consideration at that time would have helped the residents in their planning and looking for help. He said the litigation did not turn out as residents had expected but he signed papers that he would not discuss this further. He thanked the police for enforcement in the park.

(r) Elaine Phelps, Shoreline, said the country was founded and developed by malcontents. She said speakers are not in an organization but they have independently come to the same conclusions. She suggested buying the property City Hall is currently occupying. She noted that the debt service is a lot of money and that the City is buying the property from its current landlord. The property will have to be rezoned for the proposed condos, which will then be very valuable because of the proximity to the park. She wondered what the value of the property was when Mr. O'Neill's group bought it, asking why the City didn't buy the property then.

(s) Pat Crawford, Shoreline, speaking for Twin Ponds Fish Friends, said this is "Aegis II," because environmental protection is being overlooked. She questioned the wetland designation, quoting from the Army Corp of Engineers description of Peverly Pond: "the open water pond is considered to be a water of the US, not a wetland, because

January 24, 2004

there's no vegetation in this area." She said you cannot call Echo Lake a wetland. She felt it is not fair to the developer to draw up a plan based on misinformation. She also asked why the design comes before the environmental review. She said the parkland can only be what is left after the buffer and setbacks. She also pointed out that there are pipes running through the site with year-round flow. She feared the developer will claim a taking if the City tries to cut back on the amount of space. She asked if the soils under the gas station have been tested. She stressed the importance of the environmental process, noting that the site should dictate the development, not the development be shoved into the site. She said an historical stream that was later piped must be considered a creek and case law from the Gaston litigation will require that such a stream be daylighted. She raised issues of water quality and quantity and reclamation plans and concluded that the schematic design being shown tonight is not code-compliant or legal.

(t) Tim Crawford, Shoreline, said development of this site ignores the families and retirees being displaced by this decision. He said the property owner is being given a ten-year moratorium on his taxes when the City is paying \$23/square foot. He said the Gaston decision is "the elephant in the room" and a Superior Court judge will end up deciding the site plan. He said the creek in the pipe will need to be upgraded and the City will not get a hydraulic permit to do this. He said the property owner will say he has spent his money on design, which was what the Aegis developers argued. He said that this site is not centrally located and water quality issues and retention will come up. He concluded that he heard that the site is glacial till, which is what Aegis said, but it is a bog, which will require driving pilings for the building at great cost to the taxpayers.

(u) Dave Fagerstrom, Shoreline, agreed with previous speakers questioning the feasibility of this site. He asked for more information about discounted cash flows, a responsible discount rate, and account reinvestment. He said a crossover illustration is not an analysis at all. He mentioned a person named Danny Day, and used being told about his death in a traffic accident as an analogy for decision-makers who do not want to tell citizens about how decisions are made. He said the focus in Shoreline should be on safety. He asked how it looks to third parties evaluating risk when it appears a higher priority is being placed on having a city hall than on safety.

(v) Pat Murray, Shoreline, said this site is not the most cost effective one. He wanted to have a site wholly owned by the City with an austere design without views. The Echo Lake site could produce a strong tax stream if left in the tax base. He suggested if the City wants an income stream, it should be a larger structure and lease part of the building.

(w) Matthew Fairfax, Shoreline, supported this site. He said the Council cannot respond to incorrect facts, but the audience tonight does not represent the whole community. He said many people support this decision. He thanked the Council for doing due diligence. He reminded everyone that the YMCA purchase is a separate negotiation from the city hall purchase.

(x) Harley O'Neill, Shoreline, said he is not receiving a tax abatement. He

was concerned that false statements are made and then viewed on television. He said two appraisals were done on the property, which both came in at \$30/square foot. The price was reduced to benefit the community. He said this proposal saves the waterfront. He reported that the group was sued by the Holiday Resort Homeowners Association and they agreed to set aside \$175,000 for them. He offered to share the appraisals that were done. He explained the condition of ownership of the trailers in Holiday Resort. He concluded that the reason for applying for the rezone was to allow for retail development.

(y) Scott Becker, Shoreline, speaking as an architect, said the schematic looks like a very early drawing for a site. He said this site has potential to demonstrate environmentally sustainable design, and it would be regrettable if the site is used simply for a business park type development. With the lake on the site, a higher order of design should be the goal. He said public input in the design process is important.

(z) Richard Johnsen, Shoreline, urged Council not to rush this decision. He favored a city hall but wanted it on a proper site. He asked why retail is proposed for the site, wondering whether that would be compatible with the civic uses. He also asked what the building would look like, how tall it will be, and how it will accommodate future growth. He wondered where the civic plaza is in the design. He remembered that when the city was in the incorporation process citizens envisioned this whole area as a park. He did not think the current plan and size of the park fit with that vision. He also asked about the historic home on the property.

Councilmember Gustafson moved to close the public hearing, but Councilmember Fimia noted that on January 3 the Council had voted to continue this public hearing to February 7. The City Clerk confirmed this.

Councilmember Fimia had a series of questions for staff related to this issue. Mayor Hansen wished to move on to the next hearing and asked that questions be submitted in writing. **Councilmember Fimia moved to be allowed to ask her questions tonight so that the questions are not duplicated from various sources. Councilmember Chang seconded the motion, which carried 4 – 3, with Mayor Hansen, Deputy Mayor Jepsen and Councilmember Gustafson dissenting.**

Councilmember Fimia's asked for:

- All the appraisals that were mentioned and the law regarding how much over the appraisal a city is allowed to pay;
- how moving funds were allocated to Holiday Resort residents;
- more detailed financial analysis with the discount rate;
- the criteria that were used and the public process used for creating the criteria, which sites were concerned and how they matched the criteria;
- finite list of cities with new city halls in the three counties for the last five years, and did they include police departments and other city buildings;
- how much buffer is there in the plan and could the buffer be used as part of the park;

DRAFT

January 24, 2004

- results of the soils testings and what underground streams are there and are they classified as streams.

Councilmember Grace asked for documents related to Holiday Park and information about the historic home on the site. Councilmember Gustafson also asked for further information on the cross-over analysis.

Councilmember Ransom expressed concern about: 1) the status of the historic home, which he did not think had landmark status (he suggested contacting Vicki Styles of the Historical Museum); 2) the legal status of the "stream in the pipe;" and 3) the results of the soils testing and whether pilings will be needed to construct the city hall.

Mr. Burkett said the home on the property is not on an Historic Register. It was on a survey done by the county of potential homes and structures eligible for such a listing. He concluded that the Council has reviewed a very complete financial analysis over the past three and a half years, but this could be provided again.

MEETING EXTENSION

At 10:00 p.m. Deputy Mayor Jepsen moved to extend the meeting until 11:00 p.m. Councilmember Ransom seconded the motion, which carried 7 – 0.

- (b) Public hearing to consider citizens comments on the extension of the moratorium on developments using cottage housing bonus densities beyond February 23, 2005 for up to six additional months

Mr. Stewart reviewed that there is moratorium on building cottage housing. After the public hearing, Council will be asked to consider an extension of the moratorium until August 22, during which time a study and public process will review current regulations and possibly propose changes to the Development Code.

Mayor Hansen moved to open the public hearing.

(a) LaNita Wacker, Shoreline, opposed extending the moratorium, just as she opposed the original moratorium. She noted that the current regulations are fine. The moratorium denies builders the right to make a living and citizens the right to buy an affordable house while interest rates are still low. She pointed out that this year's building season will be completely eliminated. She said cottage housing serves a need, and Councilmembers must recognize the demographics in the City, which includes single, divorced and widowed people who want to buy smaller houses.

(b) Dennis Lee, Shoreline, supported the moratorium. He agreed there is a need for cottage housing, but he felt there are problems with the Code. He said there is a design standard in the regulation to force open space, but some developers take advantage of cottage housing. If there are loopholes in the regulations, they should be a quick and

DRAFT

simple fix. He also wished Council to consider other housing types such as duplexes on corner lots with zero lot lines. He said it would be nice to trade density and do infill but it must be done in an open process.

(c) Pat Crawford, Shoreline, agreed it should not take until August to resolve this issue. She said an ordinance is only as good as enforcement and there is no enforcement during the design or construction phases. She did not want cottage housing to be the only solution to housing problems and suggested there should be smaller single family dwellings on small lots.

(d) Stan Terry, Shoreline, agreed with Ms. Wacker. He said the pricing for cottage housing has been exorbitant. It was supposed to provide affordable housing but has not worked out that way. He asked if the implementation of cottage housing is supporting the City's affordable housing goals. If it isn't, he wondered what can be done to fix it. He felt changes in the laws could be made without a moratorium.

(e) Janet Way, Shoreline, said the "devil is in the details." Design standards will dictate whether the housing is attractive and something people will accept in their neighborhoods. She urged that the regulations include standards to ensure good design.

(f) Scott Becker, Shoreline, said he develops cottage housing and it is a site dependent process. He commended City staff member Paul Cohen as an astute planner who demands a better project from developers. He said he has enjoyed working through the process. He noted that houses can be built on short plats without the scrutiny or conditions of cottage housing.

(g) Dave Fagerstrom, Shoreline, believed there should be other forms of housing besides cottage housing. He said that the City of Edmonds' regulations takes into account comparable value. He also noted that many of these projects are in Richmond Beach and are not dispersed throughout Shoreline. He said the Comprehensive Plan requires dispersal of group homes and other "social engineering housing," but not cottage houses. He felt cottage housing lowers property values and constitutes a "taking" without compensation.

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

Ordinance No. 371 extending a moratorium for six months on the filing, acceptance or approval of any applications for development of land utilizing cottage housing bonus densities

Councilmember Fimia moved to pass Ordinance No. 371. Councilmember Grace seconded the motion.

DRAFT

Deputy Mayor Jepsen mentioned that the testimony tonight is not the same as what was heard at the last public hearing. He said his primary concern with the current regulations is the proximity issue. He felt this could be addressed fairly quickly.

Councilmember Gustafson noted that this can be handled after the tour and a review of the codes in less than six months.

Councilmember Ransom commented that the Council has received e-mails and letters complaining about cottage housing in R-4 and R-6 zones. He said at least 30 people have complained at various points. He said people probably did not testify tonight because they thought the Council would automatically extend the moratorium. He said the real issue is putting cottage housing in R-4 and R-6, without considering the neighborhood character.

Councilmember Grace supported the ordinance but not the extended timeline. He felt that after the tours and research, Council should determine the remainder of the work plan. He felt the issues are fairly limited and easily addressable.

Responding to Councilmember Ransom's comment, Mr. Stewart said that although the City Council and the Planning Commission can meet jointly on this topic, the Planning Commission is required to hold the public hearing in a process outlined in the Development Code.

Councilmember Fimia concurred, saying she believes in cottage housing. She agreed with Councilmember Grace's proposal to decide the remainder of the process later. She said she has an alternative process with a more open workshop but this can be brought up later.

A vote was taken on the motion, which carried unanimously and Ordinance No. 371 was passed.

9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS

- (a) Motion to authorize amendments to the City Manager's employment agreement

Councilmember Gustafson moved to authorize the amendments to the City Manager's employment agreement. Deputy Mayor Jepsen seconded the motion.

Mayor Hansen called for public comment.

Responding to Councilmember Grace's question about the appropriateness of taking public comment on items discussed in executive session, Ian Sievers, City Attorney, said the speakers can address the contract or offer their own opinions on how they would like to see the contract restructured. The Council must deliberate on qualifications and the

DRAFT

terms of compensation in executive session. If Council feels the need for further discussion, it should adjourn to executive session.

(a) Jim Abbott, Shoreline, referred Council to his earlier e-mail

(b) LaNita Wacker, Shoreline, expressed disapproval of the City Manager/Council form of government and suggested the Council be reorganized into districts because there is no representation from the eastside. She said that since Shoreline has a Council/Manager form of government, the Manager should be paid competitively.

(c) Virginia Paulsen, Shoreline, asked for the performance criteria by which the substantial increase is recommended and the evidence used to support the performance. She noted there are 8 to 12 lawsuits against the City, which she felt is evidence of poor performance, as is the reliance on grant funding in the City's Capital Improvement Program. She also mentioned the presentation of the Echo Lake site as a fully feasible plan, which has been contested this evening. She said for these reasons she did not support the increase in compensation.

(d) Pat Crawford, Shoreline, said there is a problem with the funding coming from the surface water management fees. She said before the City Manager was hired, she asked Council to find someone local who could understand the importance of preserving the environment (such as the trees on the Aegis site). She noted the status of various lawsuits and the fact that she had to work personally with the Evergreen School to do the job which should have been done by the City's planning staff. She said the lack of code enforcement and personal attacks on her family means that the City Manager is not doing his job.

(e) Tim Crawford, Shoreline, said this contract rewards failure. He said staff is not doing its job, which means the City Manager is not doing his job. He gave examples of how this administration worries about "harpooning citizens." He also felt the new Comprehensive Plan has less public process than the previous one. Finally, he said the fact that police officers attend the Council meetings is a poor use of their time and also shows failure. He concluded that the Mayor has allowed Mr. Burkett to "embarrass us all."

(f) Tom Dunning, Shoreline, said his neighborhood does not get what those who live west of I-5 get. He felt that because property values are lower on the eastside, citizens do not receive the same degree of representation. He said in his meetings with people from the City on traffic problems, "we haven't gotten anywhere" and if people "don't get answers," it is the fault of either the City Council or the City Manager.

(g) Stan Terry, Shoreline, supported the City Manager, saying he has done an outstanding job and is very accessible to members of the community.

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(h) Caralee Cook, Shoreline, also commended the City Manager. She said he is more approachable than his predecessor and she admired how he worked with the Chamber of Commerce in a difficult time. She said there have been amazing improvements in the City over the past five years and she listed several, including Ronald Bog improvements, drainage improvements, the celebrations and parades, working with people of disabilities, and the improvements at Ballinger Homes.

(i) Cindy Ryu, Shoreline, noted that Council pays staff with taxpayer dollars. She said if anyone deserves a raise, it is the City Council. She said the City Manager choose to work here. She felt the Manager's salary should be related to the City Councilmembers' salaries.

(j) Walt Hagen, Shoreline, noted he invited the City Manager to a meeting with the Concerned Citizens of Shoreline when he first came to town, but since then there has been no constructive working with the City of Shoreline as far as the businesses on Aurora are concerned. He said the citizens have not been brought into the practice of government.

(k) Janet Way, Shoreline, mentioned the drainage problems on 10th Avenue, noting that nothing was done until the citizens came to the City Council in an open meeting. She said the administration only took action when it felt pressure from the City Council. She suggested using the salary increase to pay the Councilmembers more. She said "we can do better for Shoreline."

(l) Harley O'Neill, Shoreline, said there were problems between the administration and staff before Mr. Burkett arrived. He said Mr. Burkett has brought the staff together and encouraged problem-solving and positive attitudes. He commended the Council for listening to everyone's view and Mr. Burkett for doing a "tough job."

MEETING EXTENSION

At 11:00 p.m. Deputy Mayor Jepsen called the question and moved to extend the meeting for 45 minutes. Councilmember Gustafson seconded the motion, which carried 4 -3, with Councilmembers Grace, Fimia and Ransom dissenting.

(m) Richard Johnsen, Shoreline, mentioned deceased resident Mickey Gau, who talked about the difference between a Council/Manager and Council/Mayor form of government. She favored the later so that she could vote out the Mayor. He said Mr. Burkett had brought a certain amount of stability to the City, but he was angry with Mr. Burkett's response to his request to visit the accident at Dean Morgan's house two years ago. He said overall Mr. Burkett has done a good job, but he suggested the Council postpone the raise or only give a portion of it.

A vote was taken on the motion, which carried 4 -3, with Councilmembers Chang, Fimia and Ransom dissenting, and the amendments to the City Manager's employment agreement were approved.

- (b) Resolution No. 228, repealing Resolution No. 111 and consolidating various business expense policies with regard to reimbursement of business expenses, payment of seminar or conference registration fees, purchase of food and beverages at City-sponsored meetings and events, and allowable sister city expenditures.

Mr. Burkett said the resolution simply consolidates various policies, and no changes are proposed.

Deputy Mayor Jepsen moved to adopt Resolution No. 228. Councilmember Gustafson seconded the motion.

Councilmember Fimia asked for clarification about payment of employee dues and memberships as outlined in Section V, which talks about “professional organizations.” She said right now the City is reimbursing staff for dues, memberships and lunches for service organizations, although the Council is not receiving this reimbursement. She asked if service organizations are covered elsewhere.

Debbie Tarry, Finance Director, said Section V is the only place in which payment of dues and membership is addressed.

Councilmember Fimia wished to ensure that this was interpreted as applying to only professional organizations. She did not think the taxpayers should reimburse staff for service organizations such as Lions Club, Kiwanis, Rotary, etc.

Councilmember Ransom commented that originally it was clear that there would not be reimbursement for service organizations, including the Chamber of Commerce. Mayor Hansen did not recall that. Councilmember Ransom said he has never been reimbursed for belonging to a service organization. He felt it is inconsistent to reimburse staff but not the City Council.

Deputy Mayor Jepsen agreed with the current interpretation. He said Council wishes staff to attend service organizations in order to provide a City presence. Elected officials can decide whether they wish to participate.

Councilmember Gustafson concurred that there is an expectation that staff represents the City in the community. This is a direct benefit to the City.

Councilmember Fimia reiterated that service organizations are not professional organizations. She felt that Council is the presence at service organizations. She said even if she agreed to reimbursing a staff member, there are currently four staff members in the same organization, when there are also two Councilmembers in attendance. She said in these economic times, the City should not pay for attendance. She asked for this policy to receive further review and a change of language.

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Councilmember Chang said there are both benefits and liabilities of staff attendance. He did feel that the number of staff should be controlled. He supported looking at this more in depth.

Councilmember Grace said Council must focus on being policy makers. He said if Council determines the number of staff at a service organization, then it is getting into administrative issues.

Mayor Hansen stated it is short-sighted to deny the administration the opportunity to belong to service clubs. He felt it should almost be a requirement to engage in service activities. He noted that the Rotary Club is making a \$10,000 gift to the City, and the City's involvement in the club is part of the reason.

Councilmember Fimia said that staff could attend meetings without being a member of the organization.

Councilmember Ransom stressed that service clubs and professional organizations are different. He reiterated his opposition to differentiating between Councilmembers and staff in this policy. He added that his issue is per diem, which he will bring up next time.

Councilmember Fimia moved to postpone this item to February 7. Councilmember Chang seconded the motion, which carried 4 – 3, with Mayor Hansen, Deputy Mayor Jepsen and Councilmember Grace dissenting.

10. NEW BUSINESS

- (a) Review and comments on the Sound Transit Draft Supplemental Environmental Impact Statement (SDEIS)

Mr. Stewart said the comments on Sound Transit's Supplemental Environmental Impact Statement (SDEIS) are due on January 31. Staff recommends submitting a letter that follows the City's historic position and any other points the Council would like to add.

Councilmember Grace reiterated for the audience the City's historic position as outlined in the Council packet. He said all these are still relevant, with Bus Rapid Transit (BRT) on Aurora Avenue being a priority and looking at expansion of light rail north of Northgate either on the I-5 corridor or on an alternate route.

Deputy Mayor Jepsen supported the City's historic position (Option #1, but adding in Option #2, change of the historic position to request consideration of alternative light rail corridors (such as Aurora Avenue, the Interurban Trail or 15th NE) in addition to the I-5 Corridor.

Councilmember Fimia emphasized that this is one of the most important decisions facing the region. She said adding more light rail will preclude doing anything else in the

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northern subarea. She noted that Shoreline is in the same subarea as Seattle, which has chosen light rail. She said this will cost \$7 billion by the time it gets to Northgate. She said taxes would have to double just to get to the University District. She pointed out that BRT has most of the ridership.

Councilmember Fimia moved to send a letter that incorporates the items in the City's historic position (Option #1), i.e., support for:

- **Seamless cross-county Express Bus or BRT on SR 99 with good access for Shoreline residents.**
- **Better access to I-5 Express Bus or BRT.**
- **Consideration of a low-impact Commuter Rail Stop in the Richmond Beach/Pt. Wells area.**
- **Other local improvements such as those listed in the City's scoping letter.**

Councilmember Fimia's motion deleted "support for a new light rail system in the I-5 corridor." Councilmember Ransom seconded the motion.

Deputy Mayor Jepsen moved a substitute motion to incorporate all of Councilmember Fimia's points but to include Option #2, i.e., change of the historic position of the City of Shoreline to request consideration of alternative light rail corridors (such as Aurora Avenue, the Interurban Trail or 15th NE) in addition to the I-5 Corridor. Councilmember Grace seconded the motion.

Councilmember Ransom said if Shoreline does not mention that light rail option, it will probably happen anyway and then Shoreline will probably not be considered for a stop.

Councilmember Grace said the motion just requests consideration of alternatives. He was hopeful that Phase 2 of Sound Transit will result of all of these. He pointed out that many large cities are building light rail incrementally. This provides an opportunity to study what is happening around the country. He preferred to have this included in the scope.

Councilmember Gustafson also favored looking at all the alternatives.

A vote was taken on the motion, which carried 6 – 1, with Councilmember Fimia dissenting.

9. ADJOURNMENT

Upon motion by Councilmember Grace, seconded by Councilmember Ransom and unanimously carried, the meeting was adjourned at 11:25 p.m..

Sharon Mattioli, City Clerk