

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING

Monday, October 23, 2006
6:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ransom, Deputy Mayor Fimia, and Councilmembers Hansen, Gustafson, McGlashan, Ryu, and Way

ABSENT: none

1. CALL TO ORDER

The meeting was called to order at 6:35 p.m. by Mayor Ransom, who presided.

2. FLAG SALUTE/ROLL CALL

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

3. CITY MANAGER'S REPORT

Bob Olander, City Manager, reported on the following items:

- The Hamlin Haunt will be held on October 27th from 6:00 to 8:30 p.m.
- There was a Richmond Beach Saltwater Park Restoration Planning meeting on October 17th between City staff and students from the University of Washington Ecology Program. There will be a project to restore one acre of the park by conducting community stewardship, removal of invasive species, native plant installation, and erosion control.
- The next Parks Board meeting is October 26th at 7:00 p.m. in the Cascade Room at the Spartan Recreation Center.
- The Shoreline Chamber of Commerce Auction is on October 28th from 5:00 p.m. until 9:00 p.m. in the Edmonds Conference Center.
- The next regular Planning Commission will be held with the City Council on October 30th in the Spartan Room at 7:00 p.m.

He noted that the City has been having some problems telecasting the City Council meeting of October 16th over Channel 21. He said the problem is fixed and copies of the DVD of the meeting are available in the City Clerk's Office.

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Councilmember Way attended the Water Resource Inventory Area-8 Forum Steering Committee meeting as the City Council alternate. She discussed funding strategies of the committee.

Councilmember Hansen attended the Suburban Cities Association of King County educational conference with representatives from the Puget Sound Regional Council, the Port of Seattle, the Economic Development Group, and the Prosperity Partnership. Three sessions addressed issues on housing the homeless, criminal justice, and green buildings.

Mayor Ransom added that the conference basically covered sustainability.

Councilmember Ryu asked if Councilmember Hansen went to the Shoreline Water District meeting. Councilmember Hansen reported that the Commissioners felt that they hadn't received a written offer on the property from the City. Mr. Olander responded that a written offer will be delivered to them tomorrow.

5. GENERAL PUBLIC COMMENT

(a) Bob Barta, Shoreline, appreciated the Council support of the Council of Neighborhoods (CON). He said the Highland Terrace Neighborhood Association has completed four transportation safety projects, and they are currently moving forward on two environmental projects. He also thanked the Public Works Department for their support. He said he wished more people understood Council's dedication to the City.

(b) Mary Fox, Shoreline, on behalf of Mary Jo and Dennis Heller, clarified that the recall petition was withdrawn because the attorney had a life-threatening illness and needed to withdraw his services. She said the issue of the recall remains unaddressed and can be reactivated at anytime.

(c) Gloria Bryce, Shoreline, said the Highland Terrace Neighborhood coordinated with the Public Works Department on a team-building project. She said the Public Works staff is amazing and they made it easy to get the public involved. She was impressed by their enthusiasm for the project as it spread to everyone. Public Works has planted the seed of community involvement with the Fremont Trail project and the neighborhood is looking forward to ongoing improvements. She thanked the Council for the mini-grant program.

Mr. Olander appreciated the comments of the speakers and said he would pass them on to the Public Works Department. He requested the agenda be reordered to discuss the budget workshop first until about 8:30 p.m.

There was Council consensus to revise the agenda and move Item 9(a) to Item 8(a).

6. APPROVAL OF THE AGENDA

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Upon motion by Councilmember Hansen, seconded by Councilmember McGlashan and carried 7-0, the agenda was approved as amended.

7. CONSENT CALENDAR

Deputy Mayor Fimia moved to approve the Consent Calendar. Councilmember Gustafson seconded the motion, which carried 7-0, and the following items were approved:

Minutes of Study Session of September 5, 2006

Minutes of Workshop Dinner Meeting of October 9, 2006

Approval of expenses and payroll as of October 12, 2006 in the amount of \$2,075,751.76

Approval of Highland Terrace Neighborhood Association Mini-Grant in the amount of \$4,500

8. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS

(a) 2007 Budget Workshop

Debbie Tarry, Finance Director, noted the major revisions to the budget and the current schedule. Ms. Tarry highlighted changes to the budget, including a 3.78% increase in employee compensation and benefits, and a 96% increase in the Washington State Public Employee Retirement System. Ms. Tarry highlighted that the City Council budget was 4% higher with some revisions in office supplies and compensation as discussed.

Mayor Ransom noted that more Councilmembers are participating in committees so the travel budget should have been increased. He added that he thought the travel line item was going to be increased \$2,000 for 2007, based on the fact that there has been increased committee attendance and no increase in this line item for several years.

Mr. Olander said there was staff discussion about adding \$2,000 to the Council's travel budget, raising the level to \$35,000, because the travel budget for the end of this year is almost depleted. He said there were some training sessions that Councilmembers wanted to attend this year but couldn't because there was no funding available. However, there is no recommendation to raise the travel budget for the Council.

Mayor Ransom noted that fuel costs and increased airfares have affected travel costs.

Deputy Mayor Fimia said she will propose an amendment to reduce Council travel costs.

Ms. Tarry discussed the City Manager's budget. She said there is a \$49,000 decrease because the Deputy City Manager position was eliminated and a new Management

Analyst position was added, thus reducing personnel costs. She added that the professional services portion of the City Manager's budget was reduced by \$22,000.

The City Clerk budget, Ms. Tarry said, has increased \$15,868 and \$13,000 is related directly to the salaries and benefits cost increase and a \$1,000 increase in the Sister Cities line item, which is also included in the City Clerk budget.

Ms. Tarry outlined the Human Services budget and said it has increased \$4,801 partially based on a \$10,000 increase in the general fund towards competitive human service search funding.

She responded to an inquiry from Councilmember Hansen concerning the fact that the City hasn't expended the funds for the 2006 Youth Service Master Plan.

Councilmember Gustafson said he would like to bring the Youth Service Master Plan to the table for discussion at a future Council meeting.

Ms. Tarry also said staff anticipates utilizing about \$10,000 for a Housing Strategy.

Mr. Olander highlighted that this is a lean budget with little flexibility to expand or add new programs. He added that there have been cuts made from the pre-existing base budget in order to fit some of the mandated salary and benefit increases. At this point, City staff does not recommend any further cuts to the budget. If there are anymore cuts, actual services will be affected, he said. As usual, the City staff is looking for ways to increase efficiencies.

Ms. Tarry continued and stated that the City Attorney's office budget is \$27,742 more in 2007, however, they have reduced their budget by \$15,000 by reducing outside legal services.

Councilmember Hansen inquired if Council defense costs are included in the City Attorney's budget.

Ms. Tarry said if there are unexpected costs there may be a need to increase the allocation, but she felt there is an adequate amount to cover these costs.

Mr. Olander added that things come up and there are some contingency funds, which have been reduced from last year, in the City Attorney and City Manager's budget.

Ms. Tarry noted that the Finance budget for 2007 is \$165,302 less than 2006. She said there is a reduction of \$191,000 of one-time expenditures in 2006 which didn't get carried over to 2007. She noted increases in telephone service costs and the liability insurance assessment done for WCIA.

Councilmember Way inquired about the City staff having cellular phones and "extra add-ons".

Ms. Tarry said the telephone budget includes the landlines on the desks at City Hall and a number of people who have cellular phones and blackberrys. She highlighted that everyone gets a statement each month and reimburses the City for any personal calls.

Councilmember Hansen asked for an explanation on why the liability insurance assessment has increased.

Ms. Tarry responded that the rate is determined by the last five years of data that the WCIA has received from the City. The data consists of our increased number of worker hours and actual results. Although our overall loss rate did improve for this assessment, so did the rate of the pool. However, our rate didn't improve as much as the pool rate so there is still the need to fund future possible losses.

Ms. Tarry continued her presentation and discussed the Human Resources budget. She said the salary and benefits increase has also reflected in this budget. She also added that there is a \$2,750 addition as part of the employee recognition program.

Ms. Tarry discussed the Customer Response Team (CRT) budget and stated that, just as it is in other departments, salaries and benefits makes up for most of the budget increases. She responded to an inquiry from Councilmember Way and stated there were five personnel in the CRT Department. Additionally, she noted that 69% of the CRT time was allocated to code enforcement.

She then presented the \$8.5 million dollar Police Department budget which is comprised of 48 contracted FTEs and one City employee.

Captain Daniel Pingrey highlighted that 45% of the police budget is allocated to public safety patrolling, 19% to police support services, 9% to Administration, and 8% to traffic enforcement.

Mayor Ransom recalled that there were more officers in the past and asked for an explanation.

Captain Pingrey responded that there were about 45 or 46 and the administrative sergeant and one traffic enforcement officer, however, there have been shifts from other areas. He added that the staff fluctuates between having one to three positions down every year.

Mr. Olander summarized that the police department is lean, but because of the unique programs such as having a dedicated traffic unit and community storefronts the department has been successful.

Councilmember Gustafson asked about the school resource officer (SRO) support to the Shoreline School District (SSD).

Captain Pingrey stated that SSD was unable to support the SRO program. Thus, the SROs at the elementary and middle school program were eliminated. The City recognized the need and is contributing \$30,000 to the program in 2007.

Mr. Olander also added that regular patrol officers will visit the middle schools as time allows.

Councilmember Way asked if the SRO program is provided for private schools. She also inquired what entity pays for hard equipment costs such as, vehicles, maintenance, and equipment.

Captain Pingrey said there is no SRO time provided for private schools. He added that they only provide disaster and emergency management planning. He responded that all the funding for miscellaneous equipment is a part of the contract with the City and the King County Sheriffs Department auditors reviews all of it.

Ms. Tarry added that the City augments the officers with cell phones and training in order to assist them in getting their jobs done.

Councilmember Way asked about the asset seizure item listed in the presentation.

Captain Pingrey noted that those are funds which are derived from drug activity that are to be utilized for equipment and training to address community drug concerns.

Councilmember Way questioned if the police department budget fluctuates based on the number of incidents that take place in Shoreline.

Captain Pingrey replied that everything that happens in the City affects the police budget. He said they use a three-year rolling average to calculate costs.

Deputy Mayor Fimia asked why on page 173 there is an 11% increase in administrative costs.

Ms. Tarry replied that there are two factors. The first is the salary and benefit increases and the second is the change in contract costs from 2006. Additionally, there is a grant that ran out in 2006 and the City is assuming the costs of the wireless program in 2007.

Deputy Mayor Fimia also asked about the Teen Recreation services coming from police overtime. She asked why there aren't additional officers hired instead of paying overtime.

Ms. Tarry stated that one FTE for a regular officer is \$136,000 per year. She said this service is provided primarily on Friday and Saturday nights. She explained that \$36,000 comes out of the police department and the rest comes out of the Parks budget.

Deputy Mayor Fimia agreed with Councilmember Gustafson but believed the City should invest in having the SRO work the Teen Recreation program or ask for cuts in travel, food, and memberships from all City departments. The schools are an extension of the City, she added. She said she is stunned that King County wants a 5.5% increase for their services. She asked if the City has any leverage with the County on this contract.

Mr. Olander said there is some leverage as the City is a member of the group of contracting cities that goes into negotiations with the County for these services. He highlighted that King County institutionally has high costs, to include those for labor, benefits, and everything. Given that, he stated he felt the contract was fair.

Ms. Tarry reminded the Council that most of these added costs are related to standard industry increases in salaries, benefits, fuel, and vehicles.

Deputy Mayor Fimia commented that she personally has worked on eight King County budgets. She said the departments in the City work very hard and when personnel meet with other cities in different committees some of this budget analysis should be done to determine what charges are fair and which are not. The cities need to get together as a group and research these charges from King County.

Captain Pingrey said this has been reviewed by an outside agency and it has been found to be cost effective. He noted that each year there has only been a 3% increase per year.

Mr. Olander added that in the past there have been attempts by the County to add overhead in the Sheriffs Office and the City has successfully resisted that. He discussed the Teen Recreation program and stated that having regular officers there on an overtime basis gives more flexibility instead of scheduling officers to be there.

Deputy Mayor Fimia responded that she wouldn't be in favor of hiring officers just for the Teen Recreation program, but in combination with the SRO program it might make sense.

Ms. Tarry pointed out that if the City adds another FTE officer there would be costs involved with another vehicle and all the equipment that officer would utilize.

Deputy Mayor Fimia also added that she is interested in adding an additional street crimes officer to the police department.

Councilmember Hansen explained how the King County Sheriff's contract came about. He said Shoreline negotiated the basic tenets and terms of this contract.

Mayor Ransom agreed and said he was a part of the group who negotiated the original contract. He noted that Federal Way dropped out of negotiations and Shoreline had to take a different approach. He inquired if there is a police investigative crime analyst in Shoreline, or if this is the one that is located in downtown Seattle.

Captain Pingrey replied that it means there is an investigations unit that handles crime analysis, and most of that work is done by the unit here in Shoreline.

Referring to page 187 of the packet, Mayor Ransom asked why there is a \$167,000 drop in the funding for traffic safety, but the workload is the same as the previous year.

Ms. Tarry stated that the traffic services and neighborhood safety program is a shared program between public works and the police department. There are some funds that have been carried over from 2005 are reflected in the 2006 budget numbers. There aren't any funds that will be carried over from 2006 to 2007 so the amount appears to be reduced. She continued her presentation and stated that the Criminal Justice budget is made up of jail and public defense. The budget amount in 2006 was \$1.2 million for 2006 and the proposed budget is \$1.25 million for 2007.

Mr. Olander highlighted that Suburban Cities concluded that long-term jail facilities should be in King County because Yakima is only a temporary jail solution.

Mayor Ransom mentioned that Lynnwood should be considered as a place for misdemeanants because they have offered in the past. He asked that the City Manager determine if Lynnwood would be a good solution.

Mr. Olander said they are looking at all existing facilities because there are challenges in utilizing Yakima. He added that Pierce County doesn't utilize Yakima County for jail services.

Councilmember McGlashan asked if new facilities meant higher costs to the cities that are in the contract with Yakima County. Mr. Olander replied that it depends on the type of facility. He added that minimum security and day reporting facilities are cheaper to operate.

Mayor Ransom asked about the mentally ill and substance abusers. He wondered if anyone was discussing opening a mental health treatment facility. Mr. Olander said there wasn't much discussion on doing that.

Ms. Tarry stated that she attended a summit which discussed trying to pursue a strategy between mental health professionals to bridge the gaps between the mental health industry, law enforcement, and the judicial system.

Councilmember McGlashan inquired how the Council could influence sentencing. Mr. Olander responded that they could work with the prosecutor to recommend home detention and some pilot programs to include day reporting like the City of Seattle is doing. However, the sentence has to fit the individual circumstance.

Deputy Mayor Fimia inquired if King County closed sections of the Regional Justice Facility in Kent. Ms. Tarry responded in the affirmative, but she is unsure how many are closed.

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Mr. Olander added that King County has some jail capacity, but the City will pay a higher price to utilize them.

Deputy Mayor Fimia said the North Rehabilitation Facility program was for low risk offenders and it cost about \$50 per day. She said there needs to be an in-house treatment facility in the future. She also suggested that the Council address some of these issues when they are lobbying the legislature at the next session. Mr. Olander concurred.

Councilmember Way said that anything the Council can do to work toward more preventative measures would be good, especially with the youth.

Councilmember Ryu agreed and said that the police department makes up over 30% of the general fund and criminal justice takes up 4%, which equals over 1/3 of the general fund in 2007.

Mr. Olander highlighted that criminals don't pay attention to city boundaries, therefore this issue needs to be addressed regionally.

Councilmember Gustafson noted that a youth master plan has reduced crime in other cities through prevention and education.

RECESS

At 8:23 p.m., Mayor Ransom called for a five minute recess. At 8:27 p.m., the meeting reconvened.

- (b) Ordinance No. 442, approving a Site Specific Rezone located at 17503 10th Avenue NE

Joe Tovar, Planning and Development Services Director, briefly explained the rezone request and introduced Steve Szafran, Planner, to review the proposal.

Mr. Szafran presented the rezone proposal, which is to change the site from R-8 (eight dwelling units per acre) to Office. This proposal was approved by the Planning Commission and is consistent with the City's Comprehensive Plan designation.

Councilmember Hansen moved to adopt Ordinance No. 442, approving a Site Specific Rezone located at 17503 10th Avenue NE. Deputy Mayor Fimia seconded the motion.

Councilmember McGlashan inquired where the backyard of the parcel was and if it could be developed for parking. Mr. Szafran replied that the applicant could utilize the rear of the property for parking with the appropriate permits.

Councilmember Gustafson asked if the Planning Commission had any issues with this rezone. Mr. Szafran responded that the rezone passed unanimously without any issues discussed.

Deputy Mayor Fimia confirmed that there would be .92 peak hour trips and asked what level of zoning that represented. Mr. Szafran replied that the single family would be 1.01 during peak hours.

Councilmember Way mentioned that that street has high traffic volume already. She said there are pedestrian considerations and asked how this would impact future developments. Mr. Szafran didn't think there would be a problem with adding a sidewalk or any other future improvements to this area. He said there is adequate right-of-way and a change in use won't trigger frontage improvements.

Councilmember Ryu noted that there is a five-page summary of the neighborhood meeting concerning this rezone. She inquired if the level of detail in the report back to the Council is required in every case. Mr. Szafran replied that this is an exceptional case and it was done this way intentionally.

Councilmember Ryu noted that the immediate neighbors seemed to approve the rezone as long as there is adequate parking.

Mayor Ransom asked if there was an adult group home on the opposite corner from this property. He said some of them testified against this rezone. Mr. Szafran responded that they are not immediate neighbors of this property.

A vote was taken on the motion to adopt Ordinance No. 442, approving a Site Specific Rezone located at 17503 10th Avenue NE, which carried 7-0.

- (c) Ordinance No. 439, adopting proposed amendments to the Development Code

Mr. Tovar noted that the proposed amendments were initiated to make the code clear and consistent. He noted that the references to cottage housing need to be removed from the Code and the proper amendments will be brought back to the Council when the public process is completed.

Mr. Szafran discussed the Code amendments and noted that the Planning Commission voted unanimously to approve them.

Councilmember Way suggested that the City staff review the clearing and grading permit threshold for those that are given automatically. She added that 50 cubic yards is a large amount of dirt. She is concerned about how much work is going on in neighborhoods without the City's knowledge. She advised caution and asked City staff to come up with a proposal to lower the threshold for clearing and grading permits and SEPA review.

Mr. Tovar responded that no code changes could be done at this time. He said some could be done administratively; otherwise, he would draft the code amendments for Council approval.

Councilmember Hansen noted that he didn't want to see a reduction in the 50 cubic yard limit.

Councilmember Ryu was interested in lowering the threshold to 10 or 20 cubic yards. She said some neighbors reported that people were moving dirt, but they were told by City staff that they couldn't do anything about it.

Mr. Olander advised against adding more regulations. He stated that he would like to get more direction from the Council on this matter.

Councilmember McGlashan discussed page 34, amendment #6, concerning residential driveways going up to the property line.

Councilmember Gustafson said he is ready to vote and believed there are some other issues that need to be identified.

Deputy Mayor Fimia said to be consistent with the Council's "three reading" policy, the Council should talk about this tonight and put it on the consent agenda next week. She suggested that City staff do an amendment to the report to reflect that cottage housing is going to come back to the Council for elimination from the code.

Mayor Ransom said there are complaints about amendment #2, pre-application meetings. He said the testimony of the pre-application meetings is not being accurately recorded, and they have changed the times of the meetings without notifying the public. He said there must be a City staff person at these meetings to ensure they are run properly.

Mr. Tovar responded that he can bring a report back to Council regarding this issue. He commented that the Mayor is referring to the neighborhood meetings, not pre-application meetings. He clarified that pre-application meetings take place at City Hall between the applicant and City staff.

Mayor Ransom opposed amendment #6 concerning utilizing the setbacks and turning them into a driveway for the house(s) behind a house. He felt setbacks should be required. Mr. Szafran responded that what normally occurs is a property owner has a huge lot but doesn't want to tear down their existing house, so they utilize the setback to have access to an additional house they build on the lot.

Mr. Tovar noted that the applicant would be inflicting the issue on their own property.

Mayor Ransom called for public comment. No public comment was given.

Councilmember Way questioned the flexibility in the current code and whether or not there are variances in this section concerning setbacks. Mr. Szafran responded that the Code does have some flexibility, but not much.

Mr. Tovar added that the solution may be to obtain an agreement from the adjacent property owner.

Deputy Mayor Fimia noted that this affects the housing stock in Shoreline and growth management goals. She asked the Council to pull this item for discussion at a later date.

Councilmember Way stated that an adjacent owner's property could be impacted.

Deputy Mayor Fimia asked why this was placed on the agenda. Mr. Tovar said it occurs when a property owner is trying to not have two setbacks on their own property lines.

Councilmember McGlashan agreed with Councilmember Way's comments and said the City doesn't want neighbors fighting and given veto power over projects. Councilmember Way concurred, but stated a settlement between the two parties may be a positive way to solve the problem.

Mr. Olander summarized that the City staff would bring the item back to Council on the Consent Agenda.

- (d) Motion to Authorize the City Manager to Increase Contract Contingency Spending Authorization for the Aurora Avenue Multimodal Corridor Project (N. 145th Street – N. 165th Street) and the Interurban Trail Pedestrian and Bicycle Crossing Project

Paul Haines, Public Works Director, presented this item and stated he is excited that Phase I is nearing completion. The project budget based on the adopted Capital Improvement Projects (CIP) document is \$39.3 million and action is needed from the Council to ensure the project is completed by January. He projected by the end of October the project will be 89% complete. The contractor has asked for a two week extension and that request hasn't been reviewed yet. He noted that this is a single contract with five projects; three of them are utility-related. As part of the Council approved contingency funding, 4% was for the City and 1.9% was for the utility portion. This funding, he said, was very conservative for a project this size. He highlighted that page 28 outlines all of the changes in quantities and prices concerning the project. Based on these changes, he anticipates a 12% composite contingency with 8% going to the City and a 29% contingency on the utilities, which is fully reimbursable.

Councilmember Gustafson moved to authorize the City Manager to increase contract contingency spending authorization for the Aurora Avenue Multimodal Corridor Project (N. 145th Street – N. 165th Street) and the Interurban Trail Pedestrian and Bicycle Crossing Project. Councilmember McGlashan seconded the motion.

Mr. Olander noted that he is monitoring this closely with Public Works to ensure all change order items are justified. He felt that this is within the projected contingency for a project of this size and is comfortable in recommending approval.

Mr. Haines pointed out that the City needs an additional \$1 million in contract spending authority to complete the project. This amount is close to the existing CIP budget. He pointed out that the contingency funds for Seattle Public Utilities, Puget Sound Energy, and Seattle City Light will be fully reimbursed to the City.

Councilmember Ryu said the Shoreline Merchants Association and others said the first mile of the Aurora Corridor Project would cost much more than what was presented by the City. Their statements were dismissed back then, but now it has come true. Whether the funds come from a federal, state or local source, the taxpayers are paying for this project. They are also paying through their utility fees and taxes. She said the City portion of all contingency funds adds up to \$2.9 million with this request being for an additional \$1 million. She asked for clarification that the \$2.9 million has been spent. Mr. Haines said it the \$2.9 million has not been spent. Councilmember Ryu reviewed the funding information on page 28 of the packet.

Mr. Olander added that SPU has not spent any funds in Shoreline. This funding will raise the total contingency for this project to 12%, which is very nominal based on the size of this project.

Councilmember Ryu inquired what the estimated cost of second and third mile of the Aurora Project. Mayor Ransom responded that the estimated cost is \$78 million, with \$39 million of the cost currently funded.

Councilmember Ryu requested verification that City staff is suggesting transferring \$1 million in future grants from Phase II to Phase I. Mr. Haines responded that the City staff is looking for grant money beyond what is needed to complete the entire project; staff doesn't feel this will jeopardize Phase II funding at all.

Councilmember Ryu said the cost of this project is "creeping up" and Phase I was supposed to be the "easy" mile. She expressed concern because the second and third mile are more complicated and will likely cost more.

Councilmember Gustafson pointed out that some Councilmembers have delayed this project, which has driven the costs up by \$7 to \$10 million.

Councilmember Hansen called for the question. Councilmember Gustafson seconded the motion, which failed 3-4, with Councilmembers Gustafson, Hansen, and McGlashan voting in the affirmative.

Deputy Mayor Fimia highlighted that this was supposed to be two separate projects so that is why there is some disagreement about transferring money from Phase II to Phase I.

She also believed the 5.9% contingency was not realistic. She questioned the 29% contingency and page 27 of the packet. Mr. Haines said he is utilizing a different approach to describe this section. He said if you dissect the 12% the cost of the utilities work has increased by 29%.

Deputy Mayor Fimia noted that the bridge add-ons were a little over \$1 million. She said this is tough because the project is still ongoing. She felt the contingency in Phase II needs to be higher and the scope needs to be smaller.

Mr. Olander asked the Council to focus on this particular issue, as there are specific construction issues that must be addressed. Certain issues are driving higher costs that were not addressed in the beginning such as soils, sidewalk elements, signage for traffic flow, striping, cement costs, extra flaggers, etc.

MEETING EXTENSION

At 9:56 p.m., Councilmember Hansen moved to extend the meeting until 12:00 a.m. Councilmember McGlashan seconded the motion, which carried 4 – 3, with Deputy Mayor Fimia and Councilmembers Ryu, and Way dissenting.

Mr. Olander felt the Public Works department was doing the responsible thing. These, he restated, are reasonable expenditures that are within the normal contingency of a project of this size.

Councilmember Way commented that the Council has oversight and needs to take a little time with this. She questioned if the contingency was budgeted. Mr. Haines responded that the \$119,000 needs to come back to Council for 2007 as part of the CIP budget. It is a 2006 adjustment so City staff will bring back an amendment for the 2007 budget.

Councilmember Way said there are limits to what the City can fund. Change orders happen, she commented, but there are other things that need to be funded such as human services.

Mr. Olander responded that the CIP was put together mostly with outside grants and can't be utilized for operations. He noted that revenue sources are earmarked for transportation projects. The City, he highlighted, has competed successfully for grants and has received high marks in receiving funds nationally and locally. If the City of Shoreline doesn't receive these funds, another City will.

Councilmember Hansen added that at the Puget Sound Regional Council (PSRC) the City of Shoreline has a \$6 million grant that is at the cutoff. The grant is likely to be funded as soon as someone drops from the priority list.

Councilmember Way was concerned that the contractor was possibly given overly optimistic information from the beginning.

Councilmember McGlashan pointed out that the \$39 million isn't just for the Aurora Project; there are four or five different projects here. He asked how much the work on Aurora, excluding the bridges, would have cost the City. Mr. Haines responded that it would have been approximately \$15 million.

Councilmember McGlashan asked approximately how much the City would have had to fund. Mr. Haines said the City would have had to pay about 13% of that amount.

Councilmember McGlashan felt the City will be worth more in the long run and this brings more money into the City. He wanted to see "his money come home." He highlighted that the \$40 million is for five different projects, and supported the item. He concluded that he thinks Aurora is looking 100% better than it used to.

Mayor Ransom stated there is no way for the City to get around paying for this. He said he questioned Merlino Construction's contingencies, but said he didn't think they were double-charging. He felt the City should go ahead and make the payment and face the fact that there will be a shortage of \$119,000. He pointed out that other project contingencies have been a lot higher than the overall contingency of 15%. He concluded that he is voting in favor of the item.

Deputy Mayor Fimia noted that the cost of just the Aurora Corridor Project is \$28 million. She said the City could have been working on all three miles instead of a mile at a time.

Councilmember Hansen agreed with the Mayor. He commented that either the Council can grant the authority to the City Manager or face a lawsuit, where Merlino Construction will collect it through the legal system.

Councilmember Ryu was concerned that the same City staff and consultants that planned and worked on the first mile of the Aurora Project will more than likely be the same people who work on the rest of the project. She stated she is abstaining from the vote because she is a property owner on the first mile.

Mr. Olander stated that the contractor is not being unfair and these things are normal in contracts. He said City staff is trying to keep costs and the time schedule under control. He summarized that there are no other alternatives, adding that City staff and the contractor are doing a good job.

Mr. Haines said that staff has gone the extra mile many times and it is frustrating that Council feels like we are not doing a good job. He said he is pleased with his staff.

Councilmember Way said nobody on the Council claimed City staff hasn't worked hard. She added that the Council appreciates their work. She said the vote was made on the merits of the issue and had nothing to do with the accomplishments of the City staff.

Councilmember Gustafson called for the question. Councilmember McGlashan seconded the motion, which failed 4-3, with Deputy Mayor Fimia, Councilmember Way, and Councilmember Ryu dissenting (a 2/3 vote is required for passage).

A vote was taken on the motion to authorize the City Manager to increase contract contingency spending authorization for the Aurora Avenue Multimodal Corridor Project (N. 145th Street – N. 165th Street) and the Interurban Trail Pedestrian and Bicycle Crossing Project, which carried 4-2-1, with Deputy Mayor Fimia and Councilmember Way dissenting and Councilmember Ryu abstaining.

- (e) Ordinance No. 441 creating Section 5.05 of the SMC regarding business licenses and Ordinance No. 444 creating Section 3.01.080 of the SMC establishing a fee for business licenses

Debbie Tarry, Finance Director, discussed the proposed implementation of a business licensing program. She highlighted the goals of a business licensing program, which include: 1) Providing a master list of businesses and types of businesses that conduct business within Shoreline; 2) providing information for economic development needs; 3) providing the City with a record of the owners and other contact information for businesses; 4) listing of businesses to reconcile against sales tax records; 5) ensuring compliance (i.e., zoning, fire and life safety, etc.). She highlighted that over 180 cities in Washington have a business license program. Additionally, Council consensus was to pursue a business license program partnership with Washington State Department of Licensing - Master Licensing Services (MLS) to implement a regulatory business license program. Currently, the City is working with MLS staff and the Department of Revenue to get accurate business listings to initiate the program. She highlighted that the Economic Development Task Force recommended implementation of a City Business License Program. She explained the proposed license program as well as the categories of businesses that would be exempt from the license. Ms. Tarry stated that the licenses are not transferable and expire in conjunction with the State business licenses. She said that in the case of a business license denial, the owner can appeal the decision to the hearing examiner. She added that the Shoreline Chamber of Commerce supported this item with some revisions.

Deputy Mayor Fimia moved to adopt Ordinance No. 441 creating Section 5.05 of the Shoreline Municipal Code (SMC) regarding business licenses and to adopt Ordinance No. 444 creating Section 3.01.080 of the SMC establishing a fee for business licenses. Councilmember Ryu seconded the motion.

Councilmember Ryu moved to add Section 5.05.070 (F) Businesses with gross income of less than \$6,000 per year. Deputy Mayor Fimia seconded the motion.

Councilmember McGlashan said the amendment comes directly from the Board of the Chamber of Commerce and he doesn't agree with a board making City policy. Therefore, he doesn't support the amendment.

Deputy Mayor Fimia inquired if the City is allowed to have more than one fee exemption. Ms. Tarry responded that there is only one class that is exempt from the fee.

Deputy Mayor Fimia pointed out that the last time the Council addressed this there was discussion about businesses with low incomes.

Mayor Ransom added that the Council proposed a \$12,000 exemption, but businesses said it should be lower. He concurred that the Chamber said it should be \$6,000, and Shoreline businesses also seem to agree that \$6,000 is appropriate.

Councilmember Ryu agreed with Mayor Ransom and said the \$6,000 exemption was discussed for home businesses that are earning less. She said the Chamber also recommended that the registration fee be \$50.00 per year and to use the collected funds for two purposes only, not as a revenue-generating program.

Councilmember Hansen inquired what the regulations would be concerning non-profit organizations. Ms. Tarry responded that non-profits would register, however they would not be required to pay a fee. All non-profits that are doing something for economic gain would be required to register.

Ian Sievers, City Attorney, pointed out that the introductory language states "If conducting business within the City," so it is very definition-dependent. He added there are some non-profits that aren't doing business. He also said all solicitors would require a business license.

Deputy Mayor Fimia stated that she wasn't committed to the \$6,000 level and it could be amended to something higher than that.

Councilmember Gustafson felt an exemption level of \$12,000 was reasonable.

Councilmember Ryu said if the exemption level is too high there will be many businesses who will not register. The goal of the business license is to "capture" all the businesses in Shoreline that exist. Setting an exemption level of \$12,000 means many of them will not register.

A vote was taken on the motion to add Section 5.05.070 (F), Businesses with gross income of less than \$6,000 per year, which carried 4-3, with Councilmembers Gustafson, Hansen, and McGlashan dissenting.

Councilmember Ryu clarified what the process would be to have non-profits pay a business licensing fee. She also asked if the legislation referred to 501c3 organizations only. Ms. Tarry replied that the legislation would be applied to all non-profit organizations.

Councilmember Ryu asked if the cost to register non-profits would financially affect the City.

Ms. Tarry answered that since they have to register with the state, it shouldn't affect the City's budget. Initially, she said the notices would be mailed to all of the businesses, including non-profit organizations.

Councilmember Way stated she didn't support the legislation because businesses shouldn't have to register with the City.

Councilmember McGlashan inquired if this would require additional staff. Ms. Tarry responded it would require an additional person in the City Clerk's Office.

Councilmember McGlashan asked about the possibility of a person paying the state fee and not their City business license fee. Ms. Tarry responded that it would be up to the City to pursue any delinquent City fees.

Councilmember McGlashan was opposed to this proposal. He commented that businesses see business licensing as a tax. He also wasn't in favor of hiring new staff. Additionally, businesses without a physical location can't be monitored and he didn't believe the end result would provide the information the City wants.

Councilmember Gustafson concurred. He felt this just creates more work to do at a later date. He said at this time there is too much going on in the City to implement this. He announced he was voting against this item.

Deputy Mayor Fimia moved to table this item. Councilmember Ryu seconded the motion, which carried 4-3, with Councilmembers Gustafson, Hansen, and McGlashan dissenting.

9. ADJOURNMENT

At 10:55 p.m., Mayor Ransom declared the meeting adjourned.

Scott Passey, CMC
City Clerk