

**DRAFT**

## **CITY OF SHORELINE**

### **SHORELINE CITY COUNCIL SUMMARY MINUTES OF BUSINESS MEETING**

Monday, September 10, 2007 - 7:30 PM  
Shoreline Conference Center  
Mt. Rainier Room

**PRESENT:** Mayor Ransom, Deputy Mayor Fimia, and Council Members Gustafson, Hansen, McGlashan, Ryu, and Way.

**ABSENT:** None.

#### **1. CALL TO ORDER**

At 7: 33 p.m., the meeting was called to order by Mayor Ransom, who presided.

#### **2. FLAG SALUTE/ROLL CALL**

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

##### **(a) Proclamation of "Emergency Preparedness Month"**

Mayor Ransom read the proclamation declaring the month of September as "Emergency Preparedness Month." Rob Beem, Community Services Division Manager, accepted the proclamation and emphasized the need for all residents to be self sufficient in the event of an emergency or natural disaster.

##### **(b) Recognition of Celebrate Shoreline Sponsors**

Mayor Ransom presented awards to the following Celebrate Shoreline sponsors:

**Children's Area Sponsor** - Shoreline/South County YMCA

**Car Show Sponsor** - Richmond Beach Rehabilitation

**Parade Sponsor** - Dunn Lumber

**Gold Sponsors** - Watermark Credit Union, Gold's Gym, Central Market, Java Jane, Anderson House, Shoreline Community College, Shoreline/Lake Forest Park Arts Council, Sky Nursery, Shoreline Bank

**Silver Sponsors** - Chuck Olsen Chevrolet, Dinner's Ready, Parker's Casino, James Alan Salon, Shoreline Top Food & Drug, Mark E. Simons DMD PS, Shoreline Rotary Foundation, Gordon's Les Schwab Tire Center, North City Safeway, Renewal By Anderson

**Bronze Sponsor - Highlands West Dental**

Nancy Frey, Shoreline/Lake Forest Park Arts Council, thanked the City for its support of the arts in the community and looked forward to collaborating with the City in the future.

Councilmember Gustafson acknowledged Bob Phelps, who has developed the ham radio system for the City of Shoreline. He thanked him for his efforts as a part of the emergency preparedness system.

**3. REPORT OF THE CITY MANAGER**

Bob Olander, City Manager, reported on several public works projects going on in the City. First, he discussed the Dayton Ave N. and N. 175<sup>th</sup> Project and that the City continues to pour the new sidewalk, curb, and gutter at that location. Sidewalks and curbs along NE 163rd Street & 25th Pl NE are 75% complete. There is a Child Seat Safety Fair on September 15, and the next Comprehensive Housing Strategy Citizen's Advisory Committee meeting will be held on September 12 at the Shoreline Fire Station. The next meeting of the Library Board is September 13 at the Richmond Beach Library. The Interurban Trail ribbon cutting will be held September 22 in the Walgreen's parking lot from 10:00 am until 1:00 pm. He said there is a new community calendar feature on the City's web site, and residents can track all of the City's meetings with it. The North City Business Association (NCBA) will be sponsoring its annual classic car show on September 15 at the Shoreline Water District parking lot. He introduced the City's new Management Analyst, Eric Bratton. Finally, he said he received a request from the Shoreline Water District to remove item 7(d) from the agenda because they want time to review the technical issues. He noted that this item has been removed by the Council.

**4. REPORTS OF BOARDS AND COMMISSIONS**

Councilmember McGlashan said he attended the National League of Cities (NLC) Community and Economic Development Committee meeting. He said he would provide documents to the Council and have a report by the next Council meeting.

Deputy Mayor Fimia said there will be a King County Economic Development Summit on October 9 at the Elks Club. This meeting was initiated by King County Councilmember Bob Ferguson and sponsored by the Chamber of Commerce and Forward Shoreline. There will be results of a recent business survey, some keynote speakers, and some break-out sessions. She said she and Councilmember McGlashan serve on the committee along with Tom Boydell, the City's Economic Development Manager.

Mayor Ransom noted that there is a Seashore meeting next week. He said there are several items being put to a vote at the next Suburban Cities Association meeting. These items include the Emergency Medical Services levy, and proposals from the Regional Transportation Investment District (RTID) and Sound Transit.

**5. GENERAL PUBLIC COMMENT**

(a) Charles Brown, Shoreline, said he is a frequent walker and there are a multitude of cars parking on 25<sup>th</sup> Avenue by Hamlin Park in the morning before school. He said during one of his walks he couldn't cross the street because the crosswalks are gone. Additionally, there are kids that come from Kellogg looking for a way to cross the street, but there isn't one. He was concerned because there is no dedicated way to cross the street there and this presents a danger for pedestrians. He said all the crosswalks have been removed from 147<sup>th</sup> Avenue to 168<sup>th</sup> Avenue. He noted that 150<sup>th</sup> Avenue is asphalted with 8-foot shoulders, but money is being allocated for new sidewalks there. He said there is a crosswalk for children who attend Briarcrest Elementary School at 27<sup>th</sup> and 155<sup>th</sup> Avenue but they have to walk in the street before they can get to it. Thus, he explained, it is a "crosswalk to nowhere."

(b) Bob Phelps, Shoreline, said he is the team leader of the Shoreline Auxiliary Communications unit. He stated that on September 29<sup>th</sup> every amateur radio group in Western Washington will be involved in a simulated emergency test. This will be done in two 2-hour shifts and will focus on handling emergency messages.

(c) Ellen Sullivan, Shoreline, invited the public to attend the 5th Annual North City Business Association Classic Car Show.

(d) Mary Lynn Potter, Shoreline, announced she was the Chair of the Shoreline Library Board and said there was a change in the City's liaison. She thanked Dick Deal for his outstanding assistance and contributions to the libraries. She added that he attended all of the meetings.

Dick Deal, Parks, Recreation and Cultural Services Director, said Lynn Cheeney, Recreation Superintendent, will be the new City staff liaison. He said the City staff and the citizens do a great job at sharing needs and determining what their needs, wants and desires are. He highlighted that the next meeting is on October 6<sup>th</sup> and it will be the dedication of the new parking lot at the Shoreline Library on NE 175<sup>th</sup> Street.

(e) Paul Grace, Shoreline, expressed concerns about the community development block grant. He said on page 55 the allocation for sidewalk programs was reduced from \$190,000 to \$122,000. He suggested taking the same amount from different areas and to look at the weighted formula. He added that on page 56 there is text referring to a "housing development capital project" that needs clarification. He supported funding for the strategy committee. He discussed the multi-service center announcement of opening an 85-unit affordable housing development in Fife and Kent and said there is a need in Shoreline for something comparable.

Mr. Olander said he will follow up with Mr. Brown about the crosswalk concerns.

## 6. APPROVAL OF THE AGENDA

**Councilmember Way moved to suspend Council Rule 3.5, waiving the second reading for item 7(b), Ordinance No. 480 and Ordinance No. 481, based on the routine nature of the subjects. Councilmember Hansen seconded the motion, which carried 7-0.**

**There was Council consensus to remove item 7(d) from the Consent Calendar.**

**Councilmember Gustafson moved approval of the agenda as amended. Councilmember Hansen seconded the motion, which carried 7-0.**

**7. CONSENT CALENDAR**

**Deputy Mayor Fimia moved approval of the Consent Calendar. Councilmember Ryu seconded the motion, which carried 7-0 and the following items were approved:**

- (a) Approval of expenses and payroll as of August 28, 2007 in the amount of \$2,111,849.07**
- (b) Ordinance No. 480, modifying the penalty for possessing open containers of liquor in a public place; and Ordinance No. 481 prohibiting electric powered motorized foot scooters on the Interurban Trail**
- (c) Motion to Authorize the City Manager to execute a Contract with Universal Field Services, Inc. for right-of-way acquisition services for the Aurora Corridor Project (N. 165th Street to N. 205th Street)**

**8. ACTION ITEM: PUBLIC HEARING**

- (a) Public hearing to receive citizens' comments on the Proposed 2008 Community Development Block Grant (CDBG) Allocation Plan**

Rob Beem, Community Services Division Manager, said this is an annual action required by the regulations governing the CDBG program. The public is invited to give testimony on the proposed uses of funds. The proposal allocates \$388,000 to implement the second year of the Human Services plan and to fund applications from the community next year. Currently, the City is in the middle of its two-year cycle of Human Services funding.

**Mayor Ransom opened the public hearing. There was no one wishing to provide public comment on this item.**

**Councilmember Gustafson moved to adopt the proposed 2008 Community Development Block Grant (CDBG) Allocation Plan. Councilmember Ryu seconded the motion.**

Councilmember Hansen discussed the issues addressed by Mr. Grace, who couldn't stay for the public hearing. He said Mr. Grace asked about the reduced allocation for sidewalks and for clarification on the housing development capital project.

Mr. Beem explained that the amount allocated to the sidewalk program is based on Capital Improvement Program (CIP). Each year, the City budgets sidewalks as required by the CIP. Last year, the City received a significant amount from revenue from home loan repayments. He noted that if there were reductions in housing development and the City received less overall funding, this plan anticipates reducing the housing portion as opposed to reducing the amount contributed to the CIP sidewalk program. He responded to Mr. Grace's comment about reducing funding across the board and said the City has done it proportionately over the years.

Councilmember Hansen agreed with the City staff recommendation. However, he said procedurally he doesn't like scheduling public hearings, then scheduling action immediately after. He said if there is a public hearing, then action should be suspended for at least one week so the Council can consider any information that is submitted by the public.

Councilmember McGlashan asked if "housing development" meant putting funds toward building.

Mr. Beem explained that the City is reserving those funds, which are not specifically allocated. The Comprehensive Housing Strategy Committee is looking at recommendations which would include supporting non-profit housing developers to either acquire or construct housing in Shoreline. He added that this is consistent with how block grants were used in the past.

Councilmember McGlashan inquired if this funding is something the City can set aside. Mr. Beem responded that the funding must be used within 18 to 24 months.

Deputy Mayor Fimia said that many times the Council has had public hearings and then made the decision to postpone action until later if there was a significant amount of public comment. The Council always has that option, she explained.

Councilmember Way said there was another popular event going on in the City, the Ridgecrest charrette. She asked if the Council could continue the hearing.

Mr. Beem responded that the City needs to notify King County concerning the proposed use of these funds by the end of the month.

Mr. Olander added that the City isn't doing actual allocations this year and the City staff didn't anticipate lots of agency comments because this is the off-year of the two year cycle. Councilmember Way said she is concerned about the difference in funding compared with last year and would like to amend the sidewalk program if there is time to work on it.

Mr. Olander said the last time the City had excess funds in housing repair, the Council decided not to carry the funds forward. Therefore the funds were shifted into the sidewalk fund, so the reduction was actually a one-time increase.

Councilmember Ryu supported the staff recommendation. She said the sidewalk funding is not a reduction because in the 2007 budget the City estimated that there would only be \$40,608 for sidewalks. However, it was funded at \$190,000, specifically from the CDBG. Therefore, even \$122,000 is significantly higher than \$40,000. She urged the Council to support this item.

Deputy Mayor Fimia noted that on the agenda, the public hearing was anticipated to begin at 8:30 p.m. **She moved to postpone the public hearing until 8:30 p.m. Councilmember Ryu seconded the motion, which carried 7-0.**

In the interim, there was Council consensus to move on to Item 10(a).

## 10. NEW BUSINESS

### (a) 2007 Second Quarter Financial Report

Debbie Tarry, Finance Director, provided the 2007 Second Quarter Financial Report. She said the revenues are running slightly ahead of projections for the first half of the year. She noted that revenue highlights include increases in cable taxes and telephone utility taxes. She noted that the revisions to the 2<sup>nd</sup> Quarter report include a Puget Sound Energy rate reduction. This means that the City will not anticipate any increase in projections for 2008. She said the City hopes to meet the 2007 budget, but won't know until end of September. Permit activity has increased and it is due to a valuation increase. There has been a 21% increase in the number of permits issued and there is a larger increase in revenue collected; a major portion of the increase is coming from the Echo Lake project. The gambling tax, which only includes 25% of the cardroom activity, has reflected a decline in pull tabs. Therefore, the City is reducing gambling tax projections for 2007 as well as the long-term projections. She said sales tax revenues are 10% ahead of projections and the growth is coming from construction, which is about 5% ahead of projections. Expenditures are anticipated to be slightly below budget. She said that the overall budget is \$3 million below projections. However, the billings weren't received from King County during the first six months when the projections were done and they are estimated to be at \$3 million, so the staff projections are fairly accurate. She highlighted that the budget savings gap has been getting tighter since 2002.

Continuing, Ms. Tarry discussed the surface water utility. She noted that there were recommended changes in capital projects that delayed the surface water utility funds. Otherwise, revenues are coming in as expected. Unfortunately, the Real Estate Excise Tax (REET), which is a primary revenue source for capital funds, is down slightly in 2007. She said the City staff has made conservative projections and have pushed some 2007 projects off to later CIP years and will continue to monitor the capital funds budget. She also stated that in 2007, the number of property transactions has decreased 12%. However, the value of those transactions remains relatively high. She discussed capital fund expenditures and investment highlights. She noted that in prior years, all investments were with the State investment pool which focuses more on short term investing, but several years ago the Council adopted investment policies for the City. The Council policies highlighted longer term investing, thus the City's investment strategy has received better returns than the State's pool. She added that

interest rates have increased over time and the City anticipates a \$400,000 return in investment interest.

Mr. Olander noted that the King County investment pool was experiencing degrading in some of their major investment instruments because of their investment into secondary and primary mortgage markets.

Ms. Tarry displayed the City's investment portfolio chart. She said she is confident these are safe investments for the City and they give the taxpayers a fair rate of return. She highlighted that safety is priority, and these are safe investments. She said the interest earnings are projected to exceed the 2007 budget. She also said she is projecting a \$50,000 increase in cardroom gambling tax receipts, but there have been shifts in revenue collections.

In summary, Ms. Tarry reported that the operating revenues are ahead of projections and the revenues are slightly behind. Surface water utility revenues and expenditures are tracking as projected, and there are no issues of concern. She concluded that the 2007 projections of the CIP still reflect those that are in the 2008-2013 CIP.

Councilmember Hansen said he saw the \$3.3 million payment to King County finance for six months of police services, then they billed another \$700,000 for July, but it wasn't in our projections. He asked why the City doesn't set up a standard journal entry and accrue them every month and adjust it periodically. That way, he pointed out, you will have a better matching of revenues and expenses.

Ms. Tarry responded that the City doesn't do accruals until the end of each year, and the City operates on a cash basis. She added that when a variance like this is recognized the City staff knows what's going on. She added that the City could do it that way, however, from an operational standpoint it hasn't.

Councilmember Hansen replied that the Council should consider it since most businesses would definitely be accruing estimates for items like this then adjust them as they go along. He agreed that in most areas of the budget it's not needed. He said King County has had erratic billing before. He also asked if the \$171,000 in legal defense funding was already included in the expense budget.

Ms. Tarry said it hasn't been added, but there will be a budget amendment presented to the Council this fall.

Councilmember Hansen called attention to the revenue chart on page 71. Based on this chart, all the revenues are rising or leveling off, but all the general trends are up. He highlighted that interest earnings are going to decrease as the City executes the CIP – this will have to be accounted for in the budget. Ms. Tarry concurred.

Mayor Ransom asked for clarification of the statement that there was a \$30,000 drop in pull tabs and a \$50,000 increase in cardrooms. He asked if this represents an overall increase of \$20,000. Ms. Tarry responded affirmatively.

**At 8:30 p.m. Mayor Ransom opened the public hearing on the Community Development Block Grant Program Allocation.**

(a) Michael Pollowitz, Shoreline, said on page 57 it seems like there's only one program to reduce and not really any CDBG public service funds. He commented that there is only one option for 0–15% for public service. That makes a difference because this City only funds 10% which would have been about \$58,000, but the City chose only to fund \$38,000. Therefore, if there is an increase, he suggested the funds be allocated into public services instead of administration or capital.

**Deputy Mayor Fimia moved to close the public hearing on the Community Development Block Grant Program. Councilmember Hansen seconded the motion, which carried 7-0.**

Mr. Beem said Mr. Pollowitz raised three issues. First, he responded that the City concentrates block grant funds into one contract as opposed to spreading it out over lots of programs. He referred to the overall percentages and said the City is allowed to use up to 15% of the City's annual entitlement and that total is a combination of the entitlement, revenues, and so forth. He said the total percent of the \$388,000 is less than 15%, which is out of our actual entitlement amount.

**A vote was taken on the motion to approve the proposed 2008 Community Development Block Grant (CDBG) Allocation Plan, which carried 7-0.**

10(a) 2007 Second Quarter Financial Report (continued)

Deputy Mayor Fimia said the gambling tax brings in \$2.9 million projected revenue in 2007. She asked what the current tax rate was and how many card rooms the City had. Ms. Tarry responded that it was 10% and there were five card rooms. Deputy Mayor Fimia inquired if there was any other equivalent tax on other businesses. Ms. Tarry responded that there wasn't any tax on gross receipts.

Mayor Ransom added that the Hideaway card room is scheduled to reopen within a few months and it only has five tables. He said they have kept their tables and their doors open for a week or so each year to stay eligible.

Councilmember Hansen said according to the Seattle Times, Flex Car, the car rental agency, pays 10% of gross tax and sales tax on top of that, therefore their total tax is over 20%.

Councilmember Gustafson thanked Ms. Tarry for the report concerning the financial status of the City. He added that he appreciated the security of the taxpayers' investments and hoped the gambling revenues increase.



Councilmember Way thanked the City staff and appreciated the conservative projections. She also thanked the source of the revenue, the public, who pays fees and taxes to help the City operate. She hoped the City will be careful this fall with the budget and find ways to conserve.

Councilmember McGlashan said he was confused because on page 80 it says the City Attorney is above budget due to professional legal services which is up about 4.7%. He asked if this includes the \$171,000 just approved last week.

Ms. Tarry responded that the \$171,000 is not included in these numbers. The budget amount is the same as adopted in the current 2007 budget. However, it will be reflected in a future budget amendment. However, the City Attorney did anticipate some of those costs and the estimate was done in July so it might increase a bit more.

Deputy Mayor Fimia thanked Ms. Tarry and the City staff. She encouraged the public to download a copy of the budget document from the City's web site. She commented that the residents need to know where the money comes from and where it goes.

#### 11. ADJOURNMENT

**At 9:01 p.m., Mayor Ransom declared the meeting adjourned.**

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Scott Passey, City Clerk

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