

CITY OF SHORELINE

**SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING**

Monday, November 3, 2008 - 6:30 p.m.

Shoreline Conference Center

Mt. Rainier Room

PRESENT: Mayor Ryu, Deputy Mayor Scott, Councilmember Eggen, Councilmember Hansen, Councilmember McConnell, Councilmember McGlashan, and Councilmember Way.

ABSENT: None.

1. CALL TO ORDER

At 6:32 p.m., the meeting was called to order by Mayor Ryu, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ryu led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present, with the exception of Councilmember McConnell, who was expected to arrive shortly thereafter.

3. CITY MANAGER'S REPORT & FUTURE AGENDAS

Bob Olander, City Manager, provided reports and updates on various City meetings, projects, and events. He noted that the new City website is now operational and described some of the features of the new site.

4. COUNCIL REPORTS: none

5. GENERAL PUBLIC COMMENT

a) Bill Bear, Shoreline, Director of the Briarcrest Neighborhood Association, said he received a letter from Kirk McKinley stating that 17th Avenue NE is being considered for a "Sea Street" demonstration project. He said this isn't much notice of this decision. He felt the City should talk to the neighborhood leadership and subarea people about such proposals next time.

b) Les Nelson, Shoreline, said he discussed process and public hearings last week and there was another meeting being held last week that people didn't know about. He said this

leads to mistrust in city government. He said he is upset about process. He said the notice had an incorrect phone number and there are several things about the process that needs to be fixed.

c) Dennis Lee, Shoreline, discussed the Master Plan ordinance. He said that the City staff came up with the legislation and skipped the planning step. He said the Council goal is to do the master planning and it is important that this be done properly.

d) LaNita Wacker, Shoreline, commented that Shoreline needs third places. She said the reason Ron Sher chose the City of Bremerton is because it is friendly to businesses; Shoreline does not have that reputation. She said the City keeps delaying the development of a third place, and from a development standpoint, time is money. She stated that a delay of 6 months to a year has cost \$100,000. She urged Deputy Mayor Scott to move forward with his agenda of independence that he ran his campaign on.

e) Debbie Kellogg, Shoreline, said there are process problems with the quasi-judicial matter tonight. She said there are two land use actions for this site and two different actions/permits were posted at the same time. She said they didn't meet the criteria of being conspicuously different. Thus, she felt a reasonable person would not have known there were two different permits and said there was no neighborhood meeting. The purpose of the development code, she highlighted, is to promote timely public participation.

f) Boni Biery, Shoreline, also stated that there are process questions on the quasi-judicial item. She said she didn't see the notice of decision and SEPA threshold determination. Her understanding is that state law and SEPA take precedence over the City Code and it seems a second neighborhood meeting is needed.

Councilmember Way asked about the Sea Street project that Mr. Bear addressed. She urged neighborhood cooperation on this matter.

Mr. Olander replied that it isn't called Sea Street; it's a Green Street project. He announced that the City staff has been looking for a good site to conduct it and have narrowed it down to two or three blocks. He added that it is a good idea to contact the neighborhood association, but in order to move forward there needs to be 60-70% support of the residents on that block. It is a very specific block-by-block process.

Councilmember Way encouraged the City staff to follow up with the neighborhood.

Responding to Councilmember McGlashan, Mr. Olander clarified that it would be conducted on 17th Avenue NE, just north of NE 145th Street.

Regarding public notification, Deputy Mayor Scott inquired about the City's process for noticing land use actions. Mr. Tovar replied that there is a notice of rezone which is on page 120-071, the notice of the City's intent to make a SEPA decision is on page 120-066, and the actual SEPA Decision is on page 120-068. He highlighted that he sent an e-mail to the Council, Ms. Biery, and Ms. Kellogg. He stated that the SEPA notices and rezone notices were posted on the property and the City posted two signs on the property, which was required by law. He added

that the City is obliged to publish notice and it is also posted at the City Clerks office, outside of the Planning and Development Services (PADS) Annex Building, at both the Shoreline and Richmond Beach Libraries, emailed to over 160 people through an email distribution service, and at the police storefronts. He pointed out that SEPA notices aren't mailed directly to people. He said he can't speak to the concerns about the City's signs resembling real estate signage, and the City needs to "play it straight" in terms of what the rules say.

Mayor Ryu questioned if this issue can be brought into the quasi-judicial process because there is discussion about the process, not the substance of the application. Mr. Olander asked if there was a requirement of notice for this item. Mr. Tovar replied that there was no requirement for notice, only that there be a public meeting.

Councilmember Way felt there are process issues and recommended that the public ask the City staff to be parties of record with legal standing. She said it should be a matter of policy to direct the City staff to do this. She also commented that fixing any signage issues shouldn't be a big deal and requested Council support for this.

Mr. Olander explained that these are two separable issues. First, is the public notice and signage process and if the Council is interested in investigating what Shoreline does now and what other cities are doing it can be put on a future agenda. The other implied question is whether the notice was legally sufficient.

Mr. Sievers noted that any procedural challenges should only matter if the City is going forward with the action proposed at this meeting.

Councilmember Eggen concurred that the City needs an overall and measured review of noticing, to include staff impacts and a consideration on the idea of signage. He said he would like to see a four foot by four foot sign that says "Rezone" with the information on it posted below. Mr. Olander replied that he will take that as Council direction.

Councilmember McConnell arrived 7:07 p.m.

6. APPROVAL OF THE AGENDA

Councilmember Way asked that Council address study items 9(a) and 9(b) first. Councilmember Eggen pointed out that the proposed budget has been slotted for one and a half hours and wondered if it is acceptable to ask people here for Ordinance No. 521 to wait two hours.

Councilmember Way moved approval of the agenda to address Study Items 9(a) and 9(b) before Action Item 8(a). Deputy Mayor Scott seconded the motion, which failed 3-3, with Councilmembers Hansen, McConnell, and McGlashan dissenting and Councilmember Eggen abstaining. Councilmember Hansen moved approval of the agenda as originally proposed. Deputy Mayor Scott seconded the motion, which carried 6-1, with Councilmember Way dissenting.

7. CONSENT CALENDAR

Councilmember Hansen moved approval of the Consent Calendar. Councilmember Eggen seconded the motion, which carried unanimously and the following items were approved:

- (a) Ordinance No. 526, amending the City's Commute Trip Reduction Plan**
- (b) Motion to Authorize the City Manager to Execute a Commute Trip Reduction Interlocal Agreement with King County**
- (c) Motion to Authorize the City Manager to Amend the Design Contract with HDR, Inc. in the amount of \$318,000 for the Seattle Public Utilities Water Main**
- (d) Motion to Authorize the City Manager to Execute an Amended Interlocal Agreement for Fire Investigation Services with the King County Sheriff's Office**

8. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS

- (a) Ordinance No. 521, amending the City's Zoning Map to Change the Zoning from CB (Community Business) to RB (Regional Business) for the Properties located at 18501 and 18511 Linden Avenue N.**

Councilmember McGlashan recused himself from this item and left the Council chamber.

Joe Tovar, Planning and Development Services Director, stated that the Council asked to have this remanded back to the Planning Commission and supplement the record with the prior material to rezone the same property to RB in 2007. Therefore, the entire record from 2007 and the Council DVD directing the remand was provided to the Commission. He noted that he made a mistake about the quorum issue because there are nine Planning Commissioners; five Commissioners actually constitute a quorum. He added that the draft Commission minutes from the October 27, 2008 meeting and the supplementary findings are included.

Steve Szafran, City Planner, provided the timeframe of the property action in question. He noted that the Commission recommended approval of this RB zoning. He showed aerial photos comparing first rezone on the property with the proposed action. Next, he stated that Mr. Will Hall will present the specific findings. Mr. Tovar introduced the Vice Chair of the Planning Commission, Mr. Will Hall.

Mr. Hall outlined the findings of fact. He noted that the corridor is changing and the Commission considered this property action close to Aurora Avenue. He stated that there are still traffic issues on Linden, but it is a "balancing act." He stated that the difference between RB and CB is that RB is five feet higher and the setback is five feet more. Additionally, there are density differences, and in 2007 the difference was between having a CB zone of R-48 versus RB, which would have been unlimited. He noted that RB would produce greater commercial space, more jobs, and dwelling units. The Commission recommended approval on September 4th and it was remanded by the Council. He said the Commission has reviewed all of the supplemental materials and is recommending approval again, with additional findings and conclusions. He

pointed out that the Commission voted in 2007 for CB because RB wasn't considered at that time. He noted that the density reduction in RB to R-110 shifted the Commission's thinking and they believed the shift to RB would facilitate greater density at this site. He also stated that traffic and parking were important.

Mayor Ryu referred to page 120-115 of the Commission minutes and inquired if the question concerning how many units would be allowed to be developed on this property utilizing the City's highest residential zone of R-48 was resolved.

Mr. Hall replied affirmatively, noting his belief that RB and CB are not residential zones, but property that is zoned RB can develop residential but he views it as a business zone.

Councilmember Eggen called for a point of order. He asked Mr. Sievers to respond to his email concerning him have an ex-parte communication regarding the substance of this issue. Mr. Sievers replied that he didn't think it would affect his decision and inquired if he could explain what part he is referring to. Councilmember Eggen replied that they thought some process was done illegally. Mr. Sievers replied that there aren't any conflicts because these are procedural matters and don't touch on the merits of the rezone.

Councilmember Hansen read page 120-017 of the minutes and stated that Commissioner Hall reminded the Commission about quasi-judicial matters. He noted that the Council hasn't asked about Councilmembers having ex-parte communications.

Councilmember Way commented that she was at a conference a few weeks ago and informed other Planning Commissioners there that the Council had remanded the matter based on procedural issues.

Councilmember Hansen noted that Commissioner Kaje was approached by Councilmember Way and there was discussion concerning planning maps. He said it is very important under the appearance of fairness doctrine that any contacts be disclosed.

Councilmember Hansen moved to adopt Ordinance No. 521. Councilmember McConnell seconded the motion.

Mayor Ryu passed around a four-page document and stated she tried to go through the 200+ page document but it wasn't sequential. She highlighted that the first round of discussions concerning this item took place from August 2006 to March 2007 and there are inconsistencies that she would like to get clarification on. First, she said on item E, former Deputy Mayor Fimia commented that she would support the CB rezone because the change to the Development Code may or may not pass. Thus, the applicant must assume that risk. She wondered if the applicant didn't assume the risk. She noted that July 2008 to November 2008 was the second round of deliberations. She noted that the technical side and procedural side of it are in this section. She referred to another section and stated that the notice was changed from R-48 and Office (O) to R-12 and O; then again the Commission repeated the rezone from R-48 and O on October 12. She wondered what precipitated the change from R-12 and O to R-48 and O. She noted that the pages that refer to this are 120-045, 120-058, and 120-071.

Steve Szafran, Planner, stated he filled out the project information on page 120-071. He stated that the applicant filled out the SEPA Checklist wrong and R-12 was not a part of the rezone. The applicant submitted a building plan, but actually a rezone has nothing to do with the building permit. Mr. Tovar stated that this is correct.

Mayor Ryu inquired if this was noticed properly since R-12 is not correct. She asked why it was even mentioned if it wasn't part of the rezone. She noted that under SEPA the City has to note all of the affected properties. Mr. Tovar replied that the building permit application includes land that is zoned R-12 which is still part of the development site, but it isn't subject to the rezone before the Council tonight.

Mayor Ryu asked what the risk exposure is and if there are any inconsistencies. Mr. Tovar replied that the amount of notice is sufficient and there isn't any defect. Mr. Sievers responded that the total lot area was included in the CB and R-12 was mentioned in both the property currently and as it is proposed.

Mayor Ryu clarified that 18501 and 18511 are both currently CB and asked where R-12 was. Mr. Szafran replied that R-12 is located at 742 N. 185th Street. He informed Mayor Ryu that this address wasn't listed on the rezone application because it isn't changing. Mr. Tovar added that it wasn't listed because this is a SEPA notice as well.

Mayor Ryu asked to look at the building permits. Mr. Sievers explained that the Council doesn't have jurisdiction over building permit applications. Mr. Tovar noted that the Council considers potential and cumulative impacts and that is what SEPA has to consider.

Councilmember Way noted that according to the Commission text and the hearings they have been discussing, the site in the black lines.

Commissioner Hall stated that the Commission understood it only included the two sites and that the west site was under common ownership. He said the Commission determination was that rezoning these two parcels is the decision that should be made.

Councilmember Way clarified that the rezone is for the Linden Ave addresses and the notice talks about a CB zone and R-12. Mr. Tovar explained that the City had to disclose the cumulative impacts for all those properties. He noted that the action is a CB rezone and the building permit is not before the Council. Mr. Szafran explained that this was an effort to help the public know that this is a project on three parcels.

Mayor Ryu asked why Councilmembers can't view the building permit. Mr. Sievers replied that if there is a building permit being processed, the Council can look at that under the current zone, but not the rezone.

Mayor Ryu commented that the rezone is supposed to be separate, not based on the pending RB zoning.

Mr. Olander said SEPA requires looking at related projects next door which relate to the overall impact which is what SEPA is supposed to do, even if the R-12 doesn't have to be rezoned.

Mr. Tovar stated that the environmental checklist asks if there are any plans that will have any potential cumulative impact with this action. He said in this case they responded yes.

Mayor Ryu stated that the environmental checklist was based on CB. She expressed frustration concerning the SEPA checklist from the other three parcels. Mr. Tovar clarified that this action is RB and R-12. Mayor Ryu inquired which SEPA checklist this is for; the rezone or the building permit. Mr. Tovar replied that this pertains to the building permit application and that is what the department was aware of this when the determination was made. However, he said this would be less of a challenge if the building permit hadn't been submitted for the project.

Mayor Ryu noted that there is a technical problem on page 120-045, 120-058, and 120-129. She said there are differences in the total number of units the applicant wants to have and asked for an explanation. Mr. Tovar responded that if this is zoned to RB there can be forty (40) units. He continued and discussed the first rezone. Mr. Szafran noted that R-12 is the highest density allowed under that Comprehensive Plan designation, so any requested rezone would only go forward if the Council changed the Comprehensive Plan.

Councilmember Way discussed the SEPA checklist on pages 120-037 to 120-061. She said that on page 120-052 there is a revised checklist and it has black pen marks. She discussed page 120-040, which says the total floor area will be 45,000 square feet. Mr. Tovar noted that the City staff reviewed it as 45,000.

Councilmember Way stated that after the first rezone the applicant wasn't satisfied and decided to reapply. She inquired if this is considered a new application. Mr. Tovar replied that it has a different number but it is substantively the same for purposes of SEPA and compliance with the rezone criteria.

Councilmember Way asked if it is a typical practice to revise a SEPA checklist. Mr. Tovar replied that it is fairly common in other cities where the same impacts are considered. Councilmember Way said she thought if a developer goes through the process and applies and doesn't get what they want they would have to appeal the decision.

Mr. Sievers felt the CB was improperly granted, but that doesn't preclude future rights to apply for another rezone.

Mr. Olander added that in other cities, the SEPA work can be adopted if the impacts are the same or less. He said the Commission wasn't willing to go into the RB rezone with impacts, but when Council limited densities in RB, then the applicant reconsidered.

Councilmember Way asked Commissioner Hall to recall the previous rezone. Mr. Hall explained why the Commission didn't want to consider RB the first time. He noted that the Commission viewed this as a separate application and it held another open record public hearing which distinguished it separately. He added that at the first review there was motion on the table to

rezone it to RB. He said the Commission felt that the applicant deserved a motion on their initial request; then the Commission could amend it later if necessary. He explained that they never reached the question if RB would be appropriate, and his personal concern was related to public benefit. He said the Commission was concerned about density and considered a rezone to RB limited to 25 units on the site, but cautioned against a contract rezone. The Commission felt CB was more appropriate and said the City staff initially proposed CB, then changed to RB, then back to CB. He believed there might be an opportunity to propose a code amendment for greater density.

Councilmember Way read the Commission minutes from page 120-118 and noted that they later voted unanimously for the CB zone. She added that Deputy Mayor Fimia voted for the CB zoning with reservations.

Deputy Mayor Scott said he supported this proposal. He added that the Comprehensive Housing strategy supports this, too. He also pointed out that the project is near Aurora Avenue and the traffic issue will be addressed. He said even if the Council rejects this, the local communities will continue to grow. He felt that this is a reasonable project, and transit-oriented development is needed. He added that the public notices could be clearer, but this one is appropriate.

Councilmember McConnell advised against spending a lot of time going through the minutes in this meeting. She felt the Councilmembers need to be more concise with their summaries and determine what they consider right for this piece of property. She felt that the development is appropriate. She noted that six of the Commissioners voted in favor of this and that they are qualified to review this. She hoped the Council would use their knowledge. She noted that economic development is needed and it is frustrating to wonder what will happen to this site. She said she would like to hear Councilmember Eggen's opinion.

Councilmember Hansen commented that the Mayor's job is to balance the conversation, not to monopolize it.

Mayor Ryu asked how RB should be instituted and asked about the previous question concerning RB being away from Aurora Avenue. She also questioned whether it is correct for that small lot to not have access from Aurora Avenue. She said she doesn't want to invest all this time to zone this RB and undo it later. Mr. Olander commented that the prior discussion had to do with RB adjacent to the R-4 properties and it is noted on page 120-019.

Mayor Ryu said the table on page 43 has setbacks. She asked what the maximum building envelope would be if the two were combined. Mr. Olander advised that discussion would have to be limited to what is in the record.

Mayor Ryu stated that the total amount for all three parcels is 28,000 square feet. However, she is talking about parcels A and B that are about 14,000 square feet and face Linden Avenue.

Mr. Tovar noted that the table on page 120-010 compares the CB and RB dimensions and doing this would result in a building being taller by 5 feet and having a setback increased by the same 5 feet.

Mayor Ryu inquired what the dimensions would be if the parcel was 14,000 square feet. Mr. Tovar noted that there would be 95% impervious surface and the approximate lot dimensions would be 100 by 140 feet.

Commissioner Hall noted that in a CB zone it would be 100 by 140 and the footprint would be 90 by 130 with a maximum height of 60 feet. He noted that the mass will come out shorter but it would still be wider than it is tall.

Mayor Ryu asked how parking needs would be addressed. Mr. Tovar replied that SEPA is based on the rezone to RB, and if RB occurs the uses may include many things. He said the level of analysis for SEPA and creating a new zone for a site plan is a gross level of analysis and that the only guarantee is whatever the code gives you and any subsequent SEPA determinations.

Mayor Ryu commented that the vote in the Commission was 4-2, with three members absent. Based on that she said she would prefer to review this proposal page by page, if necessary. She noted that at the September 22 meeting there were 22 comments of the 40+ given. She added that there were four comments from people who lived within a quarter mile of this property; two supported the proposal and two opposed it.

Councilmember Eggen said he took a higher level look at the proposal. He noted that there is a CB land use designation for this area, which implies that a lower level of density was envisioned for this property. He felt traffic and parking protection for neighborhoods near Aurora and Ballinger should be addressed. The City decided to begin planning density near transit zones, and the people who live near Aurora Avenue shouldn't have their privacy lost or have people speeding on their streets. He asked what would happen if the applicant decides to wait to develop after getting their property zoned as they desire. He wondered if the zone would go back to not having a limit if this occurred.

Mr. Tovar replied that if the applicant wants to rezone to RB, the use rights are subject to the interim regulations the Council adopted.

Councilmember Eggen concurred with Deputy Mayor Scott that this is a reasonable use for this property, given current City philosophy. He said this fits the decision criteria and supports it.

Deputy Mayor Scott asked what the traffic volumes were at N. 185th Street and Linden Avenue. Mr. Tovar replied that he didn't have the numbers with him, but before this was remanded there was discussion about the increased capacity.

Deputy Mayor Scott commented that it is a busy corner that will increase and this is a chance to manage this change in a reasonable fashion. He noted that mitigation to improve traffic flow will be in the plans. This is convenient to other businesses in the area, he added, which puts higher density in appropriate areas. He noted that Ridgecrest has 270 units and there are people who are frustrated with the decision to do that in that community. He said that they are looking at an RB zone one block off Aurora, which allows business and residential. He said although parking is a

concern, hopefully residents will take advantage of the multi-million dollar improvements on Highway 99.

Councilmember Hansen said there is a traffic analysis on page 47. He felt that the Council is supposed to determine whether this met the criteria for a rezone and the Commission concluded that it did. He noted that this is a long discussion about a difference of 10 or 15 units and felt that this validly meets the criteria. He deduced that the Council has no choice but to approve the rezone. He added that he doesn't know about what the building will look like because the property owner hasn't designed it yet.

Councilmember McConnell called for the question. Councilmember Hansen seconded the motion, which carried 4-2, with Mayor Ryu and Councilmember Way dissenting, and debate on the question was closed.

A vote was taken on the motion to adopt Ordinance No. 521, amending the City's Zoning Map to change the zoning from CB (Community Business) to RB (Regional Business) for the properties located at 18501 and 18511 Linden Avenue N, which carried 4-2, with Mayor Ryu and Councilmember Way dissenting.

RECESS

At 9:02 p.m., Mayor Ryu called for a five minute recess. The Council meeting reconvened at 9:08 p.m.

9. STUDY ITEMS

(a) 2009 Proposed Budget

Debbie Tarry, Finance Director, provided the staff report and reviewed the salary schedule, fee schedule, and City reserves. She highlighted that there are no new positions proposed and two Public Works positions were recommended for reclassification. She also added that there is a garbage fee adjustment which will be a part of the fee schedule in the future.

Councilmember Way questioned if Cleanscapes was proposing fee adjustments. Ms. Tarry said they were and the formula in the contract will be used for the 2009 rates. Councilmember Way questioned if the inflationary fee adjustment is guaranteed. Ms. Tarry responded that the City is providing notice of what those fees are. Councilmember Way said the Council might want to keep in mind there was a significant raise in the rates, even though they were explained in the contract. Ms. Tarry reminded the Council that the disposal fee is not affected by this and this represents the non-disposal, service part of the fee.

Councilmember Eggen asked if this was the standard formula that is used in vendor contracts. Mr. Sievers said he does not recall the Council discussion approving the provider, but there will be a change in the mix of indices that Council uses which will lead to changes in future years.

Mr. Olander commented that there are standard formulas even under the contracts he has worked over the years.

Councilmember Hansen said he had the same question Councilmember Eggen presented and presumed the City staff and Council took everything into consideration. He said he assumes that there would have been an escalator in the Waste Management contract too and the impression he has is that the contract went to the lowest bidder.

Mark Relph, Public Works Director, replied that the formula was stipulated in the RFP process.

Ms. Tarry discussed the surface water utility rate and said the City recommended an increase of \$6.00 per single family household bringing the yearly cost from \$124 to \$130. She highlighted the Interfund Transfers in the 2009 budget. For example, she noted that the amount of fuel tax the City receives doesn't cover the amount spent on streets, so some of the General Fund dollars are transferred into streets. She noted that this is a part of the way that the City allocates for overhead allocation costs for the City Attorney, City Clerk, and other departments. She noted that there is also \$100,000 for technology replacement and the unemployment fund.

Councilmember Way inquired about the major repair/replacement fund of \$214,000. She asked if it was based on the percentage of the value of the facilities. Ms. Tarry replied that the funds for turf, Richmond Highlands Recreation Center, the police station, Spartan Gym, and the pool aren't replacement items; they need major maintenance.

Councilmember Way stated that the soccer fields can keep paying for themselves. She asked if the funds for the turf have to be allocated to the turf or if can they cover some other needs elsewhere. Ms. Tarry stated that Council direction was to take a portion from recreation fees and put it into the replacement funds.

Councilmember Hansen asked what the unemployment security fund balance was. Ms. Tarry replied that it is approximately \$60,000, and payouts from this fund vary every year.

Mayor Ryu inquired if there were any funds set aside for major repairs outside of the new City Hall. Ms. Tarry replied that there are some 2009 and future funds set aside for the City Hall HVAC system. She continued her presentation, highlighting the General Fund revenues for capital, roads and sidewalks which primarily comes from gambling taxes. She noted that this is what the Interfund Transfers are for in the budget.

Councilmember Eggen asked what the unemployment security fund was for. Ms. Tarry replied that when people are released from employment they can file for unemployment and the City pays them when they file. Basically, it is self-insurance for unemployment claims.

Mayor Ryu noted that the unemployment agency handles contested applications and they administer the claims, making it less expensive for the City as a public agency.

Ms. Tarry discussed the reserve requirements and stated there is a general fund ending balance of \$3.8 million. She noted that the City established a revenue stabilization fund last year to cover short-term economic downturns.

Councilmember Eggen questioned what amount of time is considered short-term. Mr. Olander explained that the City has always had significant reserves, but he requested the creation of a reserve fund. He stated that every 8 to 10 years there is a recession. Knowing that, he proposed taking the excess revenue in the good years and saving it. He said there are at least two to three recessionary periods every 8 to 10 years. He explained that these revenues are calculated every year.

Councilmember Eggen asked staff to confirm whether the money that created the fund came from economically sensitive revenues. Mr. Olander replied that they were all fungible revenues.

Ms. Tarry stated that they took the General Reserve Fund and put that and monies from the General Fund into the Revenue Stabilization Fund to make it easier for the public to understand.

Mr. Olander explained that this was designed to maintain services in a downturn. Ms. Tarry added that the City had to demonstrate this to the bond rating agencies.

Councilmember Way asked about the surface water fees on page 141 and wanted to know how impervious surface rates were calculated and how they compare to residents with more pervious surfaces. Ms. Tarry replied that they basically pay 5% more. Mr. Olander noted that surface water rates for all single family homes are averaged.

Councilmember Way wondered if an incentive could be created for homeowners who reduce their total impervious area through low impact development. Mr. Olander replied that a future Council policy could address that issue.

Councilmember Way said she would like the same thing considered for small businesses and for the City to work with single family homeowners.

Councilmember Eggen concurred. He said the City almost has to undertake a very large task to change this in individual homes, but it may be worthwhile given flooding issues coming in the future.

Mark Relph commented that the Thornton Creek Basin Plan will tell us a lot and that will be the best time to review the rate structure. He said they should wait until next spring when the Capital Improvement Program is reviewed.

Mayor Ryu suggested looking at businesses too. Councilmember Way added that she would like to give the single family homeowners a break if they manage their surface water runoff.

Ms. Tarry concluded that the City has met reserve requirements and reviewed the budget policies on page 332-333.

Mayor Ryu called for public comment.

a) Bill Meyers, Shoreline, commented that the City is proposing significant increases in fees and salaries. He said those fees are like taxes. He said it is the wrong time for increases due to the economic recession and high unemployment. He highlighted that the 5.2% COLA step progression and merit increases are planned. He compared the increases to the fact that Boeing settled their four-year contract with a 0.9% wage increase and Qwest has a 3.1% increase with no merit increases. He added that King County plans on capping their COLA increase at 3%. He said that both fees and COLAs are based on the June CPI, and the June oil prices were high. He added that the CPI for April-June was up between 27 - 55%. He said it has since gone down in the last couple months and felt it was not appropriate to base wages and fees on this index.

b) Mary Weaver, Shoreline, said she was in the Firdale area and Edmonds doesn't charge for yard waste containers. She asked how far the reserve fund goes out and wants to know if there will be a cap. She suggested any excess funding be returned to the property owners.

Councilmember Eggen understood that the cap on King County will mainly be applied to non-unionized staff. He questioned if the 5.2% COLA was based on the June CPI. Mr. Tarry explained that the COLA is based on 90% of July-June CPIU which is for all urban wage earners. She added that CPIW covers a smaller part of labor market. She noted that the CPIU was 6.2%. Additionally, she noted that the City has used the June CPI for a number of years.

Mr. Olander added that this doesn't extend out into the future and in the past it has been 2-3%. He said if the CPI drops it will be down to that range, but the policy the City uses is consistent each year.

Mayor Ryu asked if the City made the COLA 3.5% could the rest (1.7%) be applied in future years. Ms. Tarry commented that the City pays a median of comparables and the goal is to be within 5% of that. She felt that if there is a lot of variance included the City would have to catch up. She noted that this rate also allows the City to maintain that policy.

Mr. Olander highlighted that the City's per capita numbers compare very favorably and there are efficiencies which allow the City to compensate employees at a reasonable and median level. He noted that the City staff has continued their consistency.

Ms. Tarry commented that the latest King County proposal had a 5% COLA increase plus a 10-day furlough (days without pay). She responded that the value of the reserves is projected for 2009 and set in City policy. She added that this level is what the City strives to maintain and it is determined in the General Fund because \$3 million is needed for cash flow purposes. Mr. Olander noted that it allows the City to pay bills.

Councilmember Hansen added that the state doesn't allow unlimited reserves. He noted that the reserves allow the City to lessen the increase in City fees and rates and to weather economic downturns without cutting services.

MEETING EXTENSION

At 10:00 p.m., Councilmember Hansen moved to extend the meeting to 10:20 p.m. Deputy Mayor Scott seconded the motion, which carried 7-0.

(b) Aurora Corridor Project 60% Design

Mark Relph introduced this item. He stated that this long project has gone well and is pleased with the aggressive schedule.

Kirk McKinley, Aurora Corridor Project Manager, commented that 60% represents the middle of the design process. He introduced Paul Ferrier, Jeff Hamlin, and Curtis LaPierre from OTAK. He said the City is working with lots of agencies and property owners and are on track with budget numbers. He highlighted that the City has procured enough funding to complete the middle mile and the schedule update depends on the right-of-way (ROW) acquisition process.

Kris Overleese, Aurora Corridor Project, noted that the City will be acquiring rights from 77 parcels and has made offers on all but five parcels. She said all the offers will be completed within two weeks. She reviewed the surface water facilities on a large map.

Councilmember Way asked how much total runoff is being handled through natural surface water treatment. Ms. Overleese replied that she can provide that figure to the Council at a future date. Ms. Overleese continued with the design and noted that there will be a soldier pile wall along the Subway property.

Curtis LaPierre, OTAK, discussed urban design and said his job is to put as much "green" into this as possible. He said this phase is very consistent with Phase 1 and it will use the same trees but different cultivars. He noted that there will be trees, shrubs, and ground covers, with some in the medians.

MEETING EXTENSION

At 10:20 p.m., Councilmember Hansen moved to extend the meeting to 10:35 p.m., seconded by Deputy Mayor Scott. Motion carried 7-0.

Councilmember Way asked if it is difficult selecting cultivars that will work in this rigorous environment. She said she wished there would be more native plants used because they are hearty.

Mr. LaPierre replied that cultivar selection was a major topic of discussion and that most native plants are accustomed to growing under a canopy, not in hot asphalt conditions. He noted that Aurora Avenue presents tough streetside conditions for native plants.

Mayor Ryu asked about weeding in the median. Mr. LaPierre commented that that is a unique part of project and weeding should be controlled by having more loose soil. He added that "silvacell" technology holds up the sidewalk along with porous pavers.

Mayor Ryu asked about the eminent domain process timeline. Ms. Overleese noted that there is no drop-dead date for the process and the City staff is requesting Council to authorize the City Manager to approve the use of eminent domain, if necessary. Mr. Olander commented that the intent is to always negotiate with property owners because eminent domain is time-consuming.

Mayor Ryu called for public comment. There was no one wishing to provide public comment.

Councilmember Eggen asked what happened to the proposal to have Phase 2 end at North 192nd Street. Mr. McKinley replied that the application was submitted to the Transportation Improvement Board (TIB) and they are supposed to select the projects on November 21. He noted that the proposal can be changed at that time if it is selected.

Councilmember Way inquired about the dead trees in Phase 1. Mr. McKinley noted that they all came from the same nursery.

Councilmember Eggen discussed the planters and asked if they will be limited on the bottom or if they will allow deep-rooted plants. He wondered if the water can infiltrate into the subsoil. Mr. Ferrier replied that the bottom of the raingarden planters and swales which are made of gravel, rock, and perforated pipe, not concrete. He noted that they won't flood out during large storm events and there is a possibility for infiltration.

Mayor Ryu verified that the leaves would be swept up and not affect infiltration either.

10. ADJOURNMENT

At 10:33 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk

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