

**CITY OF SHORELINE**

**SHORELINE CITY COUNCIL  
SUMMARY MINUTES OF STUDY SESSION**

Monday, June 15, 2009 - 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 Councilmembers McConnell and McGlashan, who arrived shortly thereafter.

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

Bob Olander, City Manager, presented Steve Oleson and Susan Villamarin of the City's Finance department with the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award. Mr. Olander then provided reports and updates on various City meetings, projects, and events.

**4. COUNCIL REPORTS**

Councilmember Eggen said he attended the Evergreen Task Force, and the draft of their 2009 recommendations for tree ordinances is now available. He said the document has a lot of good ideas on what can and cannot be included in a tree ordinance.

Councilmember Hansen said he gave a report to the Public Issues Committee (PIC) regarding pharmaceuticals, water quality, and local hazardous waste plans to postpone budget increases for the next three years. He stated that the PIC took no position on restoration rates because the issue of Metro cuts is uncertain. Councilmember Eggen said there will be some cuts, but the question is how much and what will be cut.

Mayor Ryu reported on the dedication of Kayu Kayu Ac Park, noting that the Duwamish, Blackfoot, and other various tribes were represented. She also reported on her attendance at a Point Wells Forum and thanked King County Councilmembers Ferguson, Snohomish County Councilmember Cooper, and Councilmembers from Woodway and Edmonds for attending. She noted that the Paramount House, which is a refurbished low-income housing facility that opened in the 1960's, celebrated its open house.

Councilmember McConnell commented that she and Councilmember Hansen attended the Richmond Beach Community Association (RBCA) meeting and the main topic was an update on Point Wells. She stated that the City needs to stay informed because the development will impact us, but it needs to positively impact us. She encouraged all residents to get involved because their input is very important in the process. She urged residents to attend RBCA meetings.

## 5. GENERAL PUBLIC COMMENT

a) Hiller West, Shoreline, member of the Long Range Financial Planning Citizen Advisory Committee (CAC), discussed the possible formation of the Transportation Benefit District (TBD). He stated that the CAC recommended a TBD and the adoption of a \$20 license fee for transportation improvements. He said this would reduce the need for diverting funds from the General Fund to transportation improvements.

Responding to an inquiry from Councilmember Eggen, Mr. West stated that the CAC looked at funding sources for transportation improvements, and the revenues collected from the license fee could go toward them and reducing the need for General Fund subsidies. Responding to Mayor Ryu, he added that this option received the greatest amount of support in the CAC and at the three public meetings that were held.

Councilmember McConnell reported that LaNita Wacker is recuperating from a stroke and she is doing well. She noted that she called 911 and was transferred to Northwest Hospital. She thanked the Shoreline Emergency Response Team and said the lesson here is to act quickly.

b) Laethan Wene, Shoreline, said he participated in the Shoreline Luau and he invited everyone to participate next year.

## 6. STUDY ITEMS

### (a) Capital Improvement Plan (CIP)

Debbie Tarry, Finance Director, provided the staff report and stated that the City staff presented the proposed 2010 - 2015 CIP to the City Council last week. She outlined the proposed schedule to help facilitate the adoption of the 2010 - 2015 CIP, which is set for July 13, 2009. She reiterated that the proposed 2010 - 2015 CIP is balanced as required by the Growth Management Act (GMA) and totals \$116.4 million. She announced that

the General Capital Fund totals nearly \$9.9 million, the City Facilities/Major Maintenance Fund totals \$561,000, the Roads Capital Fund totals nearly \$95.4 million, and the Surface Water Utility Fund capital projects totals \$10.6 million. Council discussion, she explained, is desired regarding the CIP including any key questions or issues that Council may wish the City staff to address as part of the process.

Patti Rader, Finance Manager, then reviewed each of the Capital Funds in the CIP (General Capital, City Facilities, Roads Capital) and the capital portion of the Surface Water Utility Fund and responded to Council questions. She noted that the ARRA funds consist of the Civic Center/City Hall and curb, ramp, gutter, and sidewalk projects. Ms. Tarry responded to Mayor Ryu, stating that there is no time limit on REET funds and that some is held in the fund balance and can be used in future years.

Councilmember Hansen asked if the projected REET collections are annually, and Ms. Rader replied that the City staff is projecting a total of \$800,000 in 2009, but normally the City had been receiving about \$1.6 million annually. She then discussed the Civic Center/City Hall project and noted that many of the parks projects are primarily bond funded. She then reviewed all of the parks projects.

Councilmember Way posed a question on page 71 concerning coordination between King County Trail Levy Voter Approved Trail Funding and the Parks bond trail projects. Maureen Colaizzi, Parks Planner, discussed the funds that are to be utilized to design public art pieces in the parks and she said the City staff will work closely with the Parks Board. Mayor Ryu inquired if the City can allocate more than 1% for public art. Ms. Colaizzi responded that there is a pool for public art funding and the 1% is not always used on every project. All of the funds are put into a pool and sometimes more than 1% is used for certain projects. However, the Park Board provides the funding recommendations.

Deputy Mayor Scott noted that the Parks Repair & Replacement budget was reduced from the previous budget. Mr. Olander added that the funds are also used for safety issues such as rusty play equipment. He urged residents to call the City or the Police Department when they see graffiti or vandalism occurring. Responding to an inquiry from Mayor Ryu, Mr. Olander noted that most of the funding for this comes from the operating budget.

Ms. Colaizzi then discussed the Saltwater Bridge repair project. Ms. Rader discussed non-project specific allocations and the City Facilities/Major Maintenance Fund projects. Mayor Ryu confirmed that the City hasn't seen a reduction in pool use since the opening of the pool at the YMCA. Councilmember Eggen highlighted that replacement of the Shoreline Pool was discussed at one time. He wondered if the renovation line item is intended to repair or replace the current pool. Ms. Tarry noted that this renovation will not eliminate the necessity for pool replacement at some point in the future.

Councilmember Hansen commented that the City should look at how much replacement would cost compared to renovations. Mr. Olander stated there isn't much in the way of

grant funds, and a project of this magnitude must be planned well ahead of time. He felt it will probably require a voter-approved levy. Councilmember Way noted that Shoreline still has the Fircrest Pool. Councilmember McGlashan inquired about replacement costs for the current pool. Mr. Olander was unsure of the exact figure, but he estimated the cost to be in the millions.

Ms. Rader then discussed the Roads Capital Fund and revenue sources. Mark Relph, Public Works Director, confirmed for Councilmember Eggen that the City must acquire more grants for the third mile of the Aurora Corridor Project than the second mile because there are right-of-way costs in the third mile. Councilmember Eggen wondered if the retaining wall at Costco would be affected by the project. Kirk McKinley, Aurora Corridor and Interurban Trail Project Manager, responded that he isn't sure. Ms. Rader reminded the Council that the report only covers the period of 2010 - 2015.

Councilmember Hansen commented that he thought "in lieu of" fees had to be used within a certain time period and used in the same vicinity. Ms. Rader replied that they must be used within a five-year period and are tracked by source. Mr. Relph clarified that they have been used for existing sidewalks, and when the City collects the fee the intent is to use them within the immediate vicinity within the five year time period. Councilmember Way clarified that 400 linear feet per year is about one block. Mr. Relph pointed out that the cost of asphalt has doubled in the last five years.

Councilmember McGlashan asked if the dual left turn lane on N. 145<sup>th</sup> Street is dependent on cooperation with the City of Seattle. Mr. McKinley replied that it is a placeholder project and it is dependent on the City of Seattle's cooperation or if a new development is built on our side.

Councilmember Eggen noted that the cost for the traffic signal on NE 170<sup>th</sup> Street and 15<sup>th</sup> Avenue NE has increased. Mr. Relph explained that the City looked at expanding it to address some grade issues. Trisha Juhnke, Capital Projects Manager, noted that the project cost has come down, but there are more things being done. She noted that the estimate was done a couple years ago before the City had accurate design figures.

Deputy Mayor Scott inquired about the Neighborhood Traffic Safety Program (NTSP). Mr. Relph said the City staff works with neighborhoods to create and prioritize action plans and put them into the CIP. Mr. Olander added that in the last few years the City has been aggressive in doing this.

Councilmember Way noted that Paramount Park is one of the most popular parks in the City and said she would like the Council to identify some funds to improve pedestrian and driver safety at that location. Jesus Sanchez, Operations Manager, replied that the City has completed design work for that area and is currently comparing it with the safety priorities throughout the City.

Councilmember McGlashan asked for an explanation of the map on page 146 and wondered if those are targeted areas. Mr. Sanchez replied that the map identifies the neighborhoods where a traffic safety need has been identified.

Mayor Ryu discussed 8<sup>th</sup> Avenue, 9<sup>th</sup> Avenue, and the NE 155<sup>th</sup> Street area and said Paramount Park is a heavily used park. She said people use 9th Avenue to cross the street and make u-turns. Mr. Relph commented that the neighborhood has been pretty active and attended the public meetings regarding traffic safety. He added that they are talking about having bike lanes on NE 155th.

Responding to Councilmember Eggen, Mr. Relph confirmed that the Aurora Corridor Project includes a small portion of surface water or utility enhancements. Mr. McKinley added that there will be \$5 - \$6 million in underground work done.

Ms. Rader highlighted the revenue sources and projects under the Surface Water Utility Fund, noting that no surface water utility fee increase is proposed. Councilmember Way said she is glad to hear the City is considering culvert replacement on 12<sup>th</sup> Avenue NE.

Mr. Relph noted that the City received an extension on its Public Works Trust Fund Loan and will be using the funds for a portion of Cromwell Park.

Ms. Rader explained the Surface Water Management Green Works Project, and Councilmember Way added that there may be some low impact development (LID) grants, which could double the Green Works money. Mr. Relph noted that this is an attempt to respond to the LID standards, learn from Green Works, and replicate them in some fashion. He said it helps maximize opportunities for LID.

Mr. Relph said the Public Works staff has discussed the City's role and responsibility regarding drainage projects on private property. He said he is looking forward to some future policy direction from Council because the City does not have any guiding policies regarding this matter. Councilmember Hansen stated that the City Attorney should evaluate our liability if there was a failure in the Innis Arden Reserves. He felt it would be advisable to have a more in-depth Council discussion, possibly at a future executive session.

Councilmember McGlashan said there have been studies about what the City can do upstream to help reduce flooding in Innis Arden. Mr. Relph added that Innis Arden doesn't have a basin plan or study. Mr. Sanchez commented that the Boeing Creek Basin Plan starting in 2012 will help to determine the hydrologic function of the entire system and what key elements need to be addressed first.

Mr. Relph explained to Councilmember Eggen and the Council that a rate study involves the creation of incentives to encourage LID.

Councilmember Eggen pointed out that the Innis Arden Homeowners Association applied for a grant and was denied. Mr. Relph explained that they were denied because of permit

issues. Mr. Sanchez noted that the City staff is helping them through the process and there hasn't been any official denial. Additionally, he said there have been heavy high-peak flows cutting through the soft soils, so there has been slope degradation at Storm Creek.

Ms. Rader concluded the presentation and stated that there will be a public hearing on the Capital Improvement Plan (CIP) and the Transportation Improvement Plan (TIP).

Councilmember McGlashan said he appreciates City staff's willingness to be diligent and look at worst case scenarios, but he is wondering why the City is using any gambling tax estimates since things could change. Mr. Olander replied that the numbers used are conservative and projects can be added back in. He noted that it is easier to move money back in, rather than taking funds away.

Mayor Ryu called for public comment.

a) Dennis Aker, Shoreline, said he resides at the end of the road along Innis Arden Reserves in the area which used to be called Blue Heron Reserve. He said he has lived there for 25 years. He noted that there used to be a 20-foot waterfall that has totally eroded and it is within 100 yards there is a 50-foot drop. He said the erosion has taken out most of the reserve property and it is in his yard. He said the area is classified as being too dangerous for construction work. He said kids play at the plateau and it is just a matter of time before it falls in, which presents safety and liability issues. He said there should be warning signs or a fence. Responding to a question from Councilmember Way, he said the erosion accelerated 8 - 10 years ago when water eroded under the sewer pipe; the sewer company put in rock but it washed out. Then, he said, Ronald Wastewater District installed concrete dams, but they didn't improve the situation. He noted that every year the sediment gets heavier.

Councilmember Eggen asked if the City staff has had any chance to evaluate this. Mr. Relph replied that they have visited the site and they are trying to address the issues. Mr. Olander added that a large portion of the drainage area is private property and that presents issues and complex policy questions. He added that the liability belongs to the Innis Arden Homeowner's Association (IAHA). Councilmember Eggen said it seems that the issue of increased runoff of developed areas might transfer to the City. Ian Sievers, City Attorney, commented that generally an increased peak flow doesn't create a liability for the jurisdiction. However, there could be if there is a diversion or artificial acceleration of flows because of something the jurisdiction has done.

## RECESS

At 8:40 p.m., Mayor Ryu called for a five minute break. The Council meeting reconvened at 8:45 p.m.

(b) Ordinance No. 543 Creating Section 5.05 of the SMC Regarding Business Licenses; and Ordinance No. 544 Creating Section 5.05 of the SMC Establishing a

## Fee for Business Licenses

Debbie Tarry, Finance Director, and Mark Mayuga, Economic Development Program Manager, provided the staff report and background on business licensing. Ms. Tarry stated that the topic came up as part of the Economic Development Advisory Committee (EDAC), where they concluded that a business license program could benefit the City's economic development plan. Additionally, information about resources and tools provides a way to communicate with businesses. This also benefits public safety and can help facilitate the reconciliation of sale tax receipts. Mr. Mayuga highlighted that 198 other Washington cities have a license requirement and certain businesses are already required to have a special license.

Responding to Councilmember Eggen, Ms. Tarry said the City will emulate whatever the state regulations are concerning residents who have four or more garage sales per year. She added that the City will provide a certain exemption level.

Councilmember Way said there are a lot of adults who baby-sit, deliver newspapers, and who don't qualify as businesses. She felt the program should have a way to exclude them from licensing requirements. Mr. Mayuga noted that a 15-year-old babysitter is different from an adult operating a babysitting business in their home.

Councilmember McGlashan inquired how this applies to an independent contractor, such as a realtor who has her main office in Edmonds but lists a house in Shoreline. Ms. Tarry replied that the City would encourage a mortgage company to get a business license. She said whether the independent broker would need a Shoreline business license depends on the structure of the business. Councilmember Hansen noted that real estate agents sell in several cities and wondered if they need a license for every city they sell in. Mr. Olander noted that building contractors have to get a license in each city they work in and that the advantage to the City is to know who is working in Shoreline. Ms. Tarry clarified for Councilmember Eggen that a group home contracted with the state is a business if it's a for-profit entity.

Councilmember Way felt there is a distinction between a casual service provision like babysitting. Ms. Tarry noted that the challenge is how do to define the thresholds. Mr. Olander added that most cities have business licenses already, and they work. Councilmember McGlashan felt that this situation happens all of the time and thinks maybe there could be an exception. He said if they system doesn't recognize a business now, a license won't bring them to the surface. Councilmember Way suggested changing the terminology on page 16 to relate this to promoting economic development and to find out what businesses the City has. Mr. Mayuga added that the whole point isn't punitive, but to be more proactive. He said if he had a listing of businesses in Shoreline it would assist him in selling the City, which would lead to more businesses coming and more jobs. He stated that the Buxton reports are purely information for retailers and are more oriented towards corporate enterprises. Councilmember Hansen stated he sees the advantages of it and doesn't want to deny Mr. Mayuga the tools to succeed, but he isn't convinced it will do much for the City. He added that this will cause bureaucratic red tape

for small businesses. He noted that the staff report states that the City may have to add a person to administer the program, so if there is no revenue in this program it's a lot of work without much benefit. He concluded that he is not in favor of a business licensing program in Shoreline.

Deputy Mayor Scott felt the program makes sense, and the City won't police casual or occasional sales. He said if it is an economic development tool, then it's time to address it seriously. He added that the infrastructure is already in place at the state level.

Councilmember Eggen felt it is appropriate to talk about what modifications there may be in the program because his support of it will depend on how the program is structured.

Mr. Olander expanded on the benefits of a business license program and how it would help economic development. Mr. Mayuga stated that economic development is built on lots of different foundations, and one is a business license program. This program would be used to attract new businesses to come here, and the most important thing is to firm up our core business foundation, he said. The City has to make sure its current, core businesses are healthy to promote and market them. He said this is really a registration program and traditionally it is based on the number of employees and gross sales. This assists us in finding out what businesses are in the City, what they provide, and how the City can help them grow. He pointed out that the Shoreline Community College (SCC) Accelerator Program is excellent and it could benefit from a business license program.

Ms. Tarry commented that she reviewed the business licensing programs in a number of other cities and their ordinances were similar in the sense that they partnered with the State Master Licensing Service (MLS). This service allows businesses to obtain a license for Shoreline when they apply for their state license. Mr. Olander added that doing this helps the City create a good database, because right now the City doesn't know what is out there. He added that having up-to-date emergency contact information is important in order to respond to business needs. He also stated that the City could survey businesses to get their suggestions and promote the business education programs. He said this allows the City to be able to create a database to communicate. Ms. Tarry added that right now the City cannot obtain a full list of businesses within the Shoreline City limits because single proprietors aren't required to file with Employment Security. Mr. Mayuga pointed out that he received a list from the Department of Revenue that only provided a business list made up of four different zip codes because the City doesn't have its own zip code and it wasn't comprehensive or updated.

Councilmember McGlashan asked who would have access to the list of businesses. Mr. Mayuga replied that state law forbids the use of any list of businesses for commercial purposes. He explained that soliciting businesses for memberships is considered a commercial purpose, but networking is not. Mr. Mayuga discussed the SCC Accelerator Program and replied that the City could take the business names and addresses and send invitations to the program to help them market and learn about business.



Councilmember Way commented that a smaller registration fee would be more of an incentive for businesses. Mayor Ryu felt that a \$50 investment wouldn't be too high, and said it is a way to firm up the City's business foundation. She said it is much easier to keep existing businesses that start new, and it's the City's responsibility to help businesses succeed. She added that this fits into the City's economic development strategy and she expressed support for the program. She said she appreciated Councilmember Way's suggestion concerning Section 5.05.030.

Councilmember Hansen inquired if the Chamber endorsed this as a whole, and how many of the members did not endorse it. He also asked how many of the 1,400 businesses in the City endorsed the policy. He stated that all the MLS applications over the years were initial one-time filings. He noted a discrepancy on page 22 regarding the start date of the program and questioned if it was to begin in 2009 or 2010. He added that on page 8 there is a reference to the City needing additional staff. He stated that the MLS supports 22 cities, which means that 258 Washington cities do not partner with MLS. Additionally, he said that three King County cities out of 39 also do not partner with MLS. He felt that if businesses register with the state, the City doesn't need to receive any funds. He said he doesn't mind paying the license fee for Edmonds, but has a hard time seeing how this will really help the City of Shoreline.

Councilmember Eggen commented that non-profits have to register to renew their incorporation, and he isn't sure why information is needed about every non-profit in Shoreline. He felt the City needs to be careful in defining what information the City needs and what businesses the information comes from. He said he is an independent contractor with the University of Washington and works out of his home. He said it seems more like an employer-employee relationship, but wondered if he would be required to pay a business license fee. He also noted that the business license fee should not exceed 1% of annual income.

Mr. Olander stated the City staff will respond to the questions of the Council. Ms. Tarry noted that cities need to have a flat rate for all businesses and exemptions are permitted. However, businesses must have a license or an exemption. Additionally, non-profits have to register, but they are exempt from the fee.

Mayor Ryu called for public comment.

a) Bill Meyers, Shoreline, commented that this proposal goes way beyond what the City needs to develop businesses. He stated that there are part-time teachers, tutors, college kids, single mothers, and retirees that shouldn't be considered businesses. He added that garage sales aren't businesses and that a flat fee is not fair. He urged the exclusion of casual and isolated sales and small, part-time, and intermittent endeavors. He also felt there should be a gross income limit. He noted that the City of Bellevue's B&O tax only applies to businesses with profits over \$145,000.

b) Ron Zigmonovich, on behalf of the Shoreline Fire Department, stated that he has worked in a city with a business license and the collaboration between the city

departments all utilize the business license list to a great extent because of the information that can be attained from it. He stated that the license is a proactive step to benefit residents and firefighters. It allows the firefighters to know what the occupancies and uses are of any particular business or home. He supported the concept of the business license.

c) Wendy DiPeso, Shoreline, on behalf of the Shoreline Chamber of Commerce, said it is very likely that the current tax revenues are going to Seattle, but the City doesn't know because there is no business license program. She added that the Chamber has received calls from businesses interested in locating in Shoreline and they want to know what businesses are already located here so they can gauge the competition. Additionally, if the City knows what businesses exist, the economic development manager knows how to recruit new businesses into Shoreline. The City can then identify the services that businesses need to survive and thrive, whether it is business programs, low-cost loans, or the Accelerator Program. It would also provide opportunities to partner for social networking. She said economic development involves drawing people together not only for the social aspects, but to spend money. She said the Chamber is working on a branding program starting with Aurora Corridor businesses, and a business license registration program will make that easier. She said that a healthy business community will grow the economic base and help avoid a levy lid lift. She said that the Chamber recommended a \$25 - \$30 fee. She urged the Council to consider the benefits to the community and communicated that the Chamber endorses the business license program.

#### MEETING EXTENSION

**At 9:53 p.m., Councilmember Hansen moved to extend the meeting until 10:30 p.m. Councilmember McGlashan seconded the motion, which carried 7-0.**

(c) Ordinance No. 550 establishing a Transportation Benefit District coterminous with the Shoreline City limits to provide Additional Funding for the Maintenance and Preservation of Existing City Transportation Improvements; and Enacting a New Chapter 3.60 Shoreline Transportation Benefit District in the Shoreline Municipal Code

Mayor Ryu called for public comment to allow the people who have been waiting to speak on this item.

a) Bill Meyers, Shoreline, commented that he isn't in favor of a tax increase. He noted that the City's budget has increased over the last five years and all the taxes have gone up. He felt that freezing, reducing, and deferring is needed at this time. He suggested the Council survey the citizens of Shoreline, who he felt don't know what "maintaining services" means. He suggested informing the residents about the top five or ten services that the City provides and how much they cost. Then, he continued, the City should allow them to put these services in rank order. He said he attended meetings on the business license and residents aren't necessarily endorsing this item.

b) Carolyn Hope, Shoreline, member of the Long Range Financial Planning Citizen Advisory Committee (CAC), supported the Transportation Benefit District (TBD). She noted that the TBD can assist the budget in 2010 when the City will see a budget gap. Additionally, the TBD can provide \$600,000. Based on the survey done by the CAC, the majority felt this was the best option because there is direct correlation between users and infrastructure. Transportation has been a continual priority among citizens. She concluded that if the City doesn't do this, King County can institute a TBD in Shoreline and apply the funds county-wide.

c) Dick Parr, Shoreline, member of the Long Range Financial Planning Citizen Advisory Committee (CAC), noted that the CAC studied historical revenues and expenditures, including future estimates. The next six years shows a disturbing trend of budget gaps. Efficiencies will be sought, he said, but not likely to cover the entire shortfall. Shoreline citizens have indicated a desire to improve traffic and transportation. Knowing this, the CAC recommended the formation of the TBD and a \$20 vehicle license fee to cover a large part of the shortfall in earlier years. This recommendation realizes a connection between those paying and those receiving the benefit. He noted that it also addresses the need for timely action.

Debbie Tarry, Finance Director, noted that the City expends \$3 - \$3.5 million annually for transportation needs. She identified the funding sources for transportation maintenance. The City had a vehicle license fee prior to 1993 and it was repealed in 2002 with Initiative 776, which a majority of Shoreline voters opposed. Since then, no revenue source has been implemented to replace this loss and the City utilized the General Fund to make up the loss. With the projected budget gaps in the next year, state law gives a TBD the power to assess fees for transportation purposes. She noted that the CAC recommended formation of a TBD and the Council would serve as the TBD with the City Manager serving as the Executive Officer, the Finance Director as Treasurer, and the City Clerk as Secretary. The formation of the TBD and creation of the vehicle license fee means that the City would collect around \$600,000 per year, with any future increase requiring voter approval. This would fund a key priority, consistent with sustainability, and provide a nexus between the user of the transportation system, the fee, and the beneficiary. However, this will not erase the total projected gaps. She noted that it is also important to have an accountability requirement with this so there is transparency.

Responding to an inquiry from Councilmember McGlashan, Ms. Tarry explained that the funds can be used for the easing of reasonably foreseeable congestion levels.

Councilmember McGlashan commented on the September 14 gambling tax item and wondered if there would be any gambling tax discussion by the Council before that meeting. He added that he isn't willing to tax citizens with a \$20 car fee and then possibly give Shoreline gambling establishments a 3% break. He asked if there was some way to put both of the items on the same agenda to be discussed on the same night. Mr. Olander responded that they are separate issues and felt the TBD is essential for the City's budgetary health because if this isn't adopted the City would be faced with significant reductions in the transportation or general fund budgets.

Councilmember Way discussed the governmental function of creating a District and the timeline. She felt the process needs to be communicated more clearly. Ms. Tarry replied that the City staff will do that with the goal being to make the process as simple as possible.

Ms. Tarry responded to Councilmember Hansen and said the state has been proposing this to cities and she believes that there is a provision for an administrative fee. Mr. Hansen said the City needs the TBD and this revenue to stabilize the City. If the City keeps giving a special interest group a break and then turns around and taxes all Shoreline vehicle owners, he said it amounts to a "bait and switch." He supported the TBD, but is concerned about giving some other group a tax break.

Councilmember McConnell inquired about past Council history and commented that the Council isn't going to make friends with this, but she sees it as a necessity. Mr. Olander noted that this is newer law, so prior councils did not act on this item. Ms. Tarry noted that King County could have formed a TBD but they didn't, so the City can.

#### MEETING EXTENSION

**At 10:30 p.m., Councilmember Eggen moved to extend the meeting to 10:40 p.m. Councilmember McConnell seconded the motion, which carried 6-1, with Councilmember McGlashan dissenting.**

Councilmember Eggen questioned if the TBD will be established as a separate entity. He also noted that the linking of this to the reduction in gambling taxes concerns him. He stated that the justification for the reduction of gambling tax is based on survivability of each business entity and it is separate from the issue at hand.

#### **7. ADJOURNMENT**

At 10:32 p.m., Mayor Ryu declared the meeting adjourned.

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Scott Passey, City Clerk