

**CITY OF SHORELINE**

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

Monday, June 22, 2009 - 7:30 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 7:35 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.

**(a) Proclamation of Filipino American Month**

Mayor Ryu read the proclamation recognizing the month of June 2009 as Filipino American Month in the City of Shoreline. Fred Lugtu, President of the Filipino American Association of Shoreline (FILAAS), along with FILAAS members, accepted the proclamation and thanked the City for this recognition.

**3. CITY MANAGER'S REPORT**

Bob Olander, City Manager, provided reports and updates on various City meetings, projects, and events. He added that the Low Tide Beach Walks are still continuing at Richmond Beach Saltwater Park. He encouraged residents to call Spartan Recreation Center or check the City's website for information on any of these events. He highlighted that there is no City Council meeting on June 29<sup>th</sup> and stated that the next meeting is on July 6.

**4. REPORTS OF BOARDS AND COMMISSIONS**

Councilmember Way reported on a celebration at Kellogg Middle School where they received a habitat certification from the National Wildlife Federation for their demonstration gardens. She also attended the Lake Ballinger Forum where they voted on

several things, including a recommendation for a one-day workshop on July 10. She said the group is requesting \$500 from the City to have Otak run the workshop. She noted that the members also discussed upcoming ideas for funding and voted in a new chair and vice chair.

Mr. Olander pointed out that the Ronald Place street vacation item has been removed from the agenda.

Councilmember Hansen said he went to the beach walk on Sunday and the Seattle Aquarium had five or six naturalists there. He said it was very interesting.

Mayor Ryu reported on her attendance at the Suburban Cities Association (SCA) meeting as a delegate from the King County Regional Transit Committee, where they discussed service cuts. The SCA/King County Budget Group is reviewing the King County Executive's goals and how to impact King County's budget process in order to defend SCA priorities.

5. GENERAL PUBLIC COMMENT

a) Mark McVeety, Seattle, said he runs the Shoreline Community College (SCC) Accelerator Program and works with the Chamber of Commerce to serve the Shoreline small business community. He commented that if the City has a business license, his efforts will be more effective and it would help the college reach out to the business community.

b) Nancy Frey, Director, Shoreline-Lake Forest Park Arts Council, said the Arts Council provides a wide range of free and low-cost arts programming to the community and outlined events coming up: Swingin' Summer's Eve event on July 22; Fundraising Gala on June 26; and the Shoreline Arts Festival on the weekend of June 27.

Councilmember McGlashan said he was at a charity fundraiser this weekend and people asked him why asphalt is being used instead of sidewalks at City Hall. Mr. Olander replied that the Aurora project will add a lane adjacent to City Hall on the north side of 175; the asphalt is for temporary parking. He explained that when the Aurora project begins the standard 8-foot sidewalks will be built.

6. APPROVAL OF THE AGENDA

**Deputy Mayor Scott moved approval of the agenda, pulling item 7(c) and 9(a). Councilmember Hansen seconded the motion, which carried unanimously and the agenda was approved as amended.**

7. CONSENT CALENDAR

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

- (a) Minutes of Business Meeting of May 26, 2009  
Minutes of Study Session of June 1, 2009

- (b) Approval of expenses and payroll as of June 11, 2009 in the amount of \$2,172,886.52 as described in the following detail:

**\*Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
5/3/09-5/16/09	5/22/2009	29234-29437	8823-8867	40268-40279	\$545,267.43
					<u>\$545,267.43</u>

**\*Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
6/4/2009	1007	\$69,818.00
		<u>\$69,818.00</u>

**\*Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
6/1/2009	40280		\$129,550.00
6/1/2009	40281	40283	\$26,698.83
6/2/2009	40284		\$6,988.45
6/2/2009	40285	40301	\$266,362.59
6/2/2009	40302	40315	\$336,559.77
6/3/2009	40316	40331	\$129,829.68
6/3/2009	40332		\$35,100.00
6/4/2009	40333	40357	\$139,211.18
6/8/2009	40358		\$16,305.00
6/8/2009	40218	40219	(\$20.00)
6/9/2009	40359	40360	\$3,770.00
6/9/2009	40361		\$16,825.28
6/9/2009	40362	40380	\$77,268.68
6/11/2009	40381	40408	\$33,721.63
6/11/2009	40409	40412	\$339,630.00
			<u>\$1,557,801.09</u>

- (c) Resolution No. 287 revising Personnel Policies of the Employee Handbook to clarify Section 6.01 Limiting Annual Leave Cash Out

- (d) Ordinance No. 551 amending Ordinance No. 380 to Increase the Dollar

**Limitation for Minor Disbursements of Petty Cash; waiving second reading per Council Rule 3.5**

**(e) Motion to Authorize the City Manager to Award a Construction Contract to Wyser Construction Company, Inc. in the amount of \$1,085,776.00, plus a 10% contingency, for Construction of the Cromwell Park Improvements**

**(f) Motion to Authorize the City Manager to Execute a Contract with DKS Associates in an amount not to exceed \$170,000 for the Transportation Master Plan Update**

**8. ACTION ITEMS: PUBLIC HEARING**

**(a) Public hearing to receive citizens comments on Ordinance No. 550 establishing a Transportation Benefit District coterminus 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; and Motion to adopt Ordinance No. 550**

Debbie Tarry, Finance Director, provided the staff report. Ms. Tarry pointed out that the City spends \$3.25 million annually for transportation maintenance and preservation and there are three revenue sources; 1) fuel tax, 2) right-of-way fees, and, 3) prior to 2003 the City received a vehicle license fee. Mr. Olander also noted that the property tax is limited to a 1% increase annually and that despite efficiencies, the City is still facing long-term structural budget gaps. Ordinance No. 550 creates the Transportation Benefit District (TBD).

Ms. Tarry noted that the revenue options available to the TBD are a vehicle license tax with no public vote required and it would generate approximately \$600,000 annually. However, there is a six-month waiting period and any additional revenue increases would require voter approval. She noted that the Long-Range Financial Planning Citizen Advisory Committee (CAC) recommended this because it funds a key priority and signifies a nexus between the fee and the use. Additionally, she stated that the TBD legislation has accountability measures.

Councilmember Hansen verified that if a \$10 fee is authorized the Council would have to get voter approval to raise it to \$20 later.

Mayor Ryu opened the public hearing.

a) Gloria Bryce, Shoreline, member of the CAC, stated that they had a lot of information to consider and study before recommending the TBD. She supported the recommendation and noted that when I-776 took away the funds from Shoreline roads, a

majority of Shoreline voters didn't approve it. She said the TBD allows the City to move forward before King County comes in and assesses the fee.

b) Dick Pahre, Shoreline, member of the CAC, commented that they studied the City's historical revenues and expenditures for a year and there is a growing budget gap. Additionally, they studied citizen satisfaction surveys and levels of service in other cities. Based on this information, the CAC recommended the formation of the TBD and a \$20 license fee. He noted that it doesn't solve the long-term financial shortfall but it covers some in the early years. He concluded that the TBD is an important step to address the budget shortfall.

**Deputy Mayor Scott moved to close the public hearing. Mayor Ryu seconded the motion, which carried 7-0.**

**Councilmember Hansen moved to adopt Ordinance No. 550 establishing a Transportation Benefit District coterminus 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. Councilmember Eggen seconded the motion.**

Ms. Tarry responded to an inquiry from Councilmember Way stating that incentives can be provided from the TBD board based on the list of vehicles that are subject to the fee in the statute. For example, campers and off-road vehicles are exempt.

Councilmember Eggen asked that the City staff insure that bikes are not subject to the fee.

Mayor Ryu commented that she is in favor of forming a TBD based on the loss of revenues from I-776. She said the City has been managing finances quite well but other options like this need to be explored. Councilmember Hansen noted that I-776 was a rollback on the entire MVET fund and that the revenue loss from I-776 is substantial.

Councilmember McGlashan appreciated the City staff recommendation and confirmed with Mr. Olander that fees should be discussed at the TBD meetings. Additionally, Ms. Tarry pointed out that the payout from the vehicle licensing fees should come monthly.

Councilmember Way commented on language concerning the timeframe that the TBD would convene. Mr. Olander clarified that the TBD can be in existence as long as the City has transportation needs.

**A vote was taken on Ordinance No. 550 establishing a Transportation Benefit District coterminus 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, which carried unanimously.**

(b) Public hearing to receive citizens comments on the Proposed 2010 - 2015 Capital Improvement Plan (CIP)

Patti Rader, Finance Manager, provided a briefing on the Capital Improvement Plan (CIP). She noted that it has been reviewed by the Council and there is a public hearing at this meeting followed by Council discussion. There will be Council deliberations at the July 6<sup>th</sup> Council meeting, working towards adoption of both the CIP and TIP at the July 13<sup>th</sup> Council meeting. She described the CIP and the proposed projects and funding sources. Councilmember Way asked how the City staff estimates future grants. Ms. Rader replied that in some cases the City staff knows the funding cycle of various agencies so there is a determination made on what grants the City will pursue. Mr. Olander added that the staff also consults with the granting agencies to ensure projects are eligible and the City staff has been very strategic and competitive with projects.

Ms. Rader discussed funds and projects. She explained that the City isn't proposing an increase in the stormwater utility fee. Mr. Olander announced that the CIP has to be balanced over the six-year period, but the TIP doesn't. The reasoning for this, he explained, is to be eligible for grant funds and to be ready for any opportunities that may come up. Typically, he said, the City includes more projects on the TIP than what the City will receive funds for to ensure opportunities aren't missed.

Councilmember Eggen noted that the dual left turn lane on Aurora is currently not funded. Mr. Olander replied that it is included in the roads capital portion, but the City hasn't secured grants for it as of yet.

Ms. Rader pointed out that there is no Council action on this item tonight. Mr. Olander noted that this isn't a controversial item and recommended closing the public hearing after comments are taken. He added that closing the hearing doesn't preclude the Council from taking comments later.

Mayor Ryu opened the public hearing on the CIP.

a) Judy Allen, Shoreline, spoke on behalf of Rick Leary, the Reserve chair for the Innis Arden Board. She noted that Storm Creek ends at Puget Sound. There is significant erosion happening at this location and continued development of housing and urban spaces contributes to it. She noted that the slope was 57% and the damage is in plain view. Storm Creek Canyon, which cuts through lower Eagle Reserve, has grown 6 feet wider to 18 feet wide. She noted how much soil has eroded from the bluff and described the impact. Most of the eroded soil ends up in the Puget Sound and damages eelgrass beds. There are hazardous trees which threaten two homes. She thanked Mark Relph, Public Works Director, for his help and interest in the situation. She stated that this letter was brought to the City of Shoreline on January 12, 2009. She described the JARPA process and said it was lost for two and a half weeks with the Department of Wildlife and Fisheries, and the reason it wasn't completed was not due to Innis Arden error. Continuing she noted that based on another property line study this canyon affects

three private property owners and the Burlington Northern Santa Fe Railroad. She said if water can "blow out" the road at 17th Place in 2005, it means the problem is accelerating. She noted that the Otak consultant called this an "immediate danger and an accident waiting to happen." She wanted to determine who is liable and that Innis Arden wants the City to put 97% of this water elsewhere.

**Deputy Mayor Scott moved to close the public hearing. Councilmember Hansen seconded the motion, which carried 7-0.**

(c) Public hearing to receive citizens comments on the Proposed 2010 - 2015 Transportation Improvement Plan (TIP)

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

**Councilmember Hansen moved to close the public hearing. Councilmember Eggen seconded the motion, which carried 7-0.**

Councilmember Eggen asked Mr. Relph about Ms Allen's comments. Mr. Relph replied that this is a problem and he has seen the sloughing of the bluff and erosion. He pointed out that the concerns of Mr. Akers are legitimate and this is a hazard to kids. This is a difficult problem that needs to be addressed. He said the City staff focused on Ronald Bog in the Surface Water CIP because over a dozen homes were flooded. He noted that resources are focused on Ronald Bog to reduce the flood risk in that area. He suggested that the City pursue a series of policies for the surface water utility because currently there is no policy regarding the City's relationship with private properties. He concluded that the CIP includes a rate study, so a combination of policies and rate study will help the City address these problem areas.

Councilmember Way agreed that it is a good idea to work toward improving these policies. She said Rick Leary took her on a tour and it is a concerning situation at Storm Creek, but the City has many watersheds that require attention.

Deputy Mayor Scott questioned if there is a life-threatening risk at Storm Creek. He noted that the loss of life is a higher priority than the flooding of a home. He expressed concern and stated there is a need to reconsider priorities. Mr. Relph responded that's what staff is trying to weigh in the CIP. He said there is a risk if kids play in the embankment, and the Innis Arden Homeowner's Association Board is starting with signage. Additionally, there is an issue of private property damage.

Mr. Relph responded to Councilmember Eggen and said he isn't qualified to determine if there is a possibility of a large-scale bluff failure at that location.

Councilmember Hansen added that the bluffs from Shoreline to Edmonds have sloughed off many times and he isn't sure it's unique to that particular position, but he said there is geologic risk.

Mayor Ryu inquired if there is any opportunity to look at other funding sources to address this problem when the City addresses the public/private property ownership question. Mr. Relph responded that there are funding sources, but the workload will need to be balanced.

Councilmember McGlashan agreed that the bluff is sloughing and wondered if Mr. Akers' pool could be adding to the problem.

Councilmember Eggen discussed the private property flooding problems and said development that has benefited many citizens has increased flooding in that area. Perhaps, he said, the City needs to pursue policies that reduce development, which can be a hard thing to do. He felt that the Council has some responsibilities to protect the area to the extent that it can. Mr. Olander noted that the City doesn't have any control over private property, but there is access and control on the upstream side. He added that the City has a responsibility to all its citizens and should look at any opportunity to affect matters on the upstream side.

Councilmember Hansen questioned if any of that bluff is on railroad property and if they would be interested in working with the City. Mr. Relph replied that City staff has been communicating with the Innis Arden Homeowner's Association on how to approach it with the railroad.

#### 9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS

- (a) Ordinance No. 543 Creating Section 5.05 of the SMC Regarding Business Licenses and Ordinance No. 544 Creating Section 3.01.080 of the Shoreline Municipal Code (SMC) Establishing a Fee for Business Licenses

Debbie Tarry, Finance Director, explained the rationale for implementing a business licensing program in the City and noted that there have been revisions to the definition regarding who would be required to obtain a City business license. She said a business license program is important in helping businesses pursue economic gain as well as for police and fire response. She said there are five criteria according to the Department of Revenue which determine if a business needs to register for a business license. Additionally, she stated that the State criteria excludes a lot of the things the Council was talking about before such as babysitting, piano lessons, etc. Other recommendations, she noted, was that the flat fee would be \$40.00 and the City would partner with the State Master License Service (MLS). If the proposed ordinance is adopted the City would start notifying businesses in the fall and ask them to begin applying for their business license. She highlighted that the 2010 MLS results would synchronize the State and City business licenses so both would have a common expiration date.

Mayor Ryu called for public comment.



a) Bill Meyers, Shoreline, noted that if the key purpose of this is business development then it should be included in the ordinance. He suggested there be a reference to the specific State code in the ordinance concerning who is required to maintain a business license for operating a business in Shoreline. He added that he doesn't think the \$12,000 annual limit is high enough because this shouldn't be taxing the poor.

**Deputy Mayor Scott moved to adopt Ordinance No. 543 Creating Section 5.05 of the Shoreline Municipal Code regarding Business Licenses. Councilmember Way seconded the motion.**

**Councilmember Way moved to add "and promote business development" after the word "public" in the last sentence of Chapter 5.05.010. Deputy Mayor Scott seconded the motion, which carried 7-0.**

Councilmember Hansen questioned if the legislation exempts all non-profits from having a business license. Ms. Tarry responded that only non-profits that qualify under the definition of economic gain will be required to have a business license. She also responded to Councilmember Hansen's inquiry about how the City would decide which non-profits pursue economic gain by stating that some non-profits have to file with the Department of Revenue and provide services and benefit to others, not to themselves. She added that they would need to be operating in the capacity of a business. Councilmember Hansen added that he felt the Rotary Club would need to get a license. Ms. Tarry added that the option on exempting the business license fee is a policy decision to be made by the Council and most cities have done it that way because it is more efficient. However, it is up to the Council to exempt all non-profits or only 501(c)3 organizations from the fee.

Councilmember Hansen restated that it seems the Rotary Club would require a business license. He questioned if a homeowner employing independent contractors, such as gardeners and maids, who would need industrial insurance would be required to get a business license. He felt the reference to industrial insurance should be stricken from the ordinance. He also said he doesn't think the intention is to get apartment complexes on the tax rolls, and that will happen if there is a property manager working on-site, even if he isn't an employee. Ms. Tarry explained that the State didn't believe the City would end up licensing apartments. Mr. Olander said he understands they are still required to get a master license if they are paying industrial insurance. Ms. Tarry concurred, but if there are less than two domestic servants the organization isn't required to get a business license. Councilmember Hansen responded that this could be fully cleared up if the reference to industrial insurance is removed from the legislation.

Mark Mayuga, Economic Development Program Manager, confirmed for Councilmember McGlashan that most cities utilize revenue-generating business licenses. Councilmember McGlashan said he still doesn't think the City will derive the desired results with this and that the City is having trouble promoting development. He felt as if the City is trying to generate a list to sell to people and organizations. He said he cannot support this measure.

**Councilmember Hansen moved to strike "or to pay state industrial insurance through the State Department of Labor and Industries" from Chapter 5.05.030. Deputy Mayor Scott seconded the motion.**

Councilmember Way stated that apartment owners hiring people to do maintenance are equivalent to a person running a business making little more than \$12,000 according to this business license. She felt it would be disproportionate and favor economic development to promote apartment ownership. Mayor Ryu asked if it would depend on how the organization is structured. Ms. Tarry explained that rentals over 30 days are not subject to sales tax or Business and Occupation tax in the State of Washington, so apartment complexes do not register with the Department of Revenue. Mr. Olander added that the property management firm would license, but the apartment would not.

#### MEETING EXTENSION

**At 9:58 p.m., Councilmember Hansen moves to extend the meeting 30 minutes. Councilmember Eggen seconded the motion, which carried 7-0.**

Councilmember Eggen supported Councilmember Hansen's amendment. However, he said he doesn't favor anything that requires an organization to go through MLS to get a City business license if it doesn't need a State license.

**A vote was taken on the motion to strike "or to pay state industrial insurance through the State Department of Labor and Industries" from Chapter 5.05.030, which carried 7-0.**

Councilmember Hansen commented that literally thousands of people come to him and many have small businesses; some register for their business license and some don't. He said his firm gets hired to do their federal income taxes and they "fly under the radar." He felt that more businesses would apply for a business license if the City issues them for free.

Deputy Mayor Scott agreed, but if the intent is to have some form of economic development it will be beneficial. He noted that some businesses will choose not to do it. He commented favorably on the testimony from Mark McVeety from the Shoreline Community College Accelerator Program and the representatives from the Fire Department.

Councilmember Hansen commented that he would like to pass this ordinance as a revenue-generator and it should be recognized as such. He added that businesses don't like it because of the paperwork.

Councilmember Way questioned if this was "revenue-neutral." Ms. Tarry responded that revenue generating business licenses produce revenue to provide City services, but this isn't that type of program. Mr. Mayuga responded to Councilmember Way that this

promotes economic development by giving him information on how to promote businesses in Shoreline. He noted this is the first City he has encountered in his 40-year career that doesn't have a business license. He said a \$40 or \$50 license fee is hardly a profit-generating program. He said this will give him the opportunity to provide developers, builders, and other businesses in the City about the current business situation. He concluded that the City Council and staff need to know Shoreline's business foundation.

Councilmember Way commented that the ordinance is much improved since the last version and it can be used as a tool to benefit the City.

Councilmember McGlashan discussed page 216 and discussed staffing, technology costs, resources, and a satellite licensing station to buy a State license in City Hall. Ms. Tarry clarified that some business owners will need to come into City Hall to license their business if they so choose.

Mayor Ryu stated this program is a part of the approved Shoreline Economic Development Strategy and it will provide data in a useable form. She thanked the City staff for their work.

**A vote was taken on the motion to adopt Ordinance No. 543 Creating Section 5.05 of the Shoreline Municipal Code regarding Business Licenses, which carried 5-2, with Councilmember Hansen and Councilmember McGlashan dissenting.**

Ms. Tarry informed the Council that Ordinance No. 544 adds the Business License fee to the City's fee schedule.

**Councilmember McConnell moved to adopt Ordinance No. 544 Creating Section 3.01.080 of the Shoreline Municipal Code (SMC) Establishing a Fee for Business Licenses. Councilmember Way seconded the motion, which carried 6-0 (Councilmember McGlashan momentarily left the Council chamber).**

## 10. NEW BUSINESS

### (a) Motion to Adopt the 2009-2010 Council Goals and Workplan

Julie Underwood, Assistant City Manager, provided a brief staff report and inquired if the Council had any further revisions of their goals. She noted that the objectives have changed again to facilitate the accomplishment of goals and that the adoption of the goals will assist the City staff in the preparation of the budget.

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

**Councilmember McGlashan moved to adopt the 2009-2010 Council Goals and Workplan. Councilmember Hansen seconded the motion.**

Councilmember Way pointed out that Goal 3 captures the intent of Council.

Ms. Underwood clarified for Mayor Ryu that the stormwater plan is outlined under Goal 2, and Mr. Olander pointed out that a number of the goals overlap.

Mayor Ryu also inquired if the Interurban Heritage Park needs to be spelled out. Mr. Olander said that he doesn't think it was ever spelled out at the goal setting session. However, Councilmember Way suggested it be added under Goal 1.

**A vote was taken on the motion to adopt the 2009-2010 Council Goals and Workplan, which carried 7-0.**

11. ADJOURNMENT

At 10:19 p.m. Mayor Ryu declared the meeting adjourned.

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Scott Passey, City Clerk