

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF BUSINESS MEETING

Monday, July 27, 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 7:30 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 National Night Out Against Crime

Mayor Ryu read the proclamation declaring August 4, 2009 as the "26th Annual National Night Out Against Crime" in the City of Shoreline. Joy Cunningham of the Ridgecrest Neighborhood, Kathy Marden of the Westminster Triangle Neighborhood, and Shoreline Police Officer Leona Obstler 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 announced that the City Council meeting for August 3 has been cancelled.

4. REPORTS OF BOARDS AND COMMISSIONS

Councilmember Hansen reported on his attendance at a Puget Sound Regional Council (PRSC) Operations Committee meeting of the Executive Board, where they approved a series of contracts. He announced that the City of Shoreline was awarded \$5.5 million toward the Aurora Corridor Project. He added that they also approved a contingency list, and the first project on that list is another Shoreline project of \$2 million. He said the City

has a very good chance of receiving that award this year. Councilmember McGlashan inquired if those were funds for Aurora Phase 2. Kirk McKinley, Aurora Corridor Project Manager replied that those funds would be applied to 185th – 205th. Councilmember Hansen summarized that the City needs approximately \$25 million in order for the entire Aurora Corridor Project to be fully funded.

5. GENERAL PUBLIC COMMENT

(a) Jack Malek, Shoreline, commented on the Point Wells project as reported on the front page of the Seattle Times. He noted that it is important to balance prosperity with appropriate growth and that the progression with the Aurora Corridor and Shorewood High School projects is good. However, he said it is unfortunate to see what has happened to the James Alan Salon, Aurora Rents and the red brick road because it has held back development. He concluded by commenting on the Municipal League of King County candidate evaluations for Council candidates Cindy Ryu, Janet Way, Ron Hansen, Will Hall, Patty Hale, and Shari Tracey.

(b) Corbitt Loch, Shoreline, commented on Point Wells and displayed a graphic of his neighborhood in lower Richmond Beach. He pointed out that 195th was deemed to be the original route to Point Wells and it is a better street from a geographic and engineering standpoint. He felt further decisions should be based on science and fact.

(c) Laethan Wene, Shoreline, stated that the park benches are gone on 185th and it is hard for people with disabilities. He wanted the benches brought back.

(d) Richard Johnson, Shoreline, said he spoke last week regarding garbage at the King County Transfer Station. He communicated that the King County staff person he referenced last week is not a personal friend or whistle-blower, but an outstanding employee. He asked that the City monitor the recycling program at the facility.

6. APPROVAL OF THE AGENDA

Councilmember Hansen moved approval of the agenda. Councilmember McConnell seconded the motion, which carried unanimously.

7. CONSENT CALENDAR

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

(a) Minutes of Business Meeting of June 22, 2009
Minutes of Study Session of July 6, 2009

(b) Approval of expenses and payroll as of July 17, 2009 in the amount of \$1,210,637.68

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
6/14/09-6/27/09	7/2/2009	29850-30069	8944-8994	40657-40665	\$437,550.39
					<u>\$437,550.39</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
7/2/2009	40611	40636	\$30,130.69
7/2/2009	40637		\$17,597.14
7/2/2009	40638	40640	\$26,698.83
7/6/2009	40641	40653	\$107,212.50
7/7/2009	40654	40655	\$500.00
7/7/2009	40656		\$48,282.96
7/8/2009	40666	40694	\$163,384.47
7/9/2009	40695	40697	\$1,863.33
7/9/2009	40698	40708	\$229,077.02
7/10/2009	40709	40721	\$1,411.81
7/10/2009	40722	40730	\$5,046.04
7/13/2009	40731	40746	\$16,286.74
7/14/2009	40747	40748	\$24,736.67
7/15/2009	40749	40766	\$89,881.46
7/15/2009	36860		(\$182.84)
	38621		(\$1,512.00)
	39036		(\$16.50)
7/15/2009	40767	40769	\$1,711.34
7/15/2009	40770	40776	\$9,941.32
7/17/2009	40777	40780	\$1,036.31
			<u>\$773,087.29</u>

(c) Motion to Adopt the Public Art Policy and Procedures document as recommended by the PRCS Board

(d) Motion to Authorize the City Manager to Obligate \$71,084 of Safe, Flexible, Efficient Transportation Equity Act (SAFETEA-LU) Grant Funds for the Interurban Trail and Crossings Project

(e) Motion to Authorize the City Manager to Enter Into a Permit Agreement with Seattle City Light for the Aurora Corridor Project

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

(a) Ordinance No. 548 vacating 13,401 Square Feet of Ronald Place N. South of North 175th Street

Miranda Redinger, Planner, and Joe Tovar, Planning and Development Services Director, provided the staff report and outlined the Hearing Examiner Findings, Conclusions, and Recommendations report. He said the Hearing Examiner concluded that the application meets the criteria for a street vacation.

Mr. Olander pointed out that this is a quasi-judicial item and the Council wouldn't be accepting public testimony. He added that the rules require the Council to treat this as a quasi-judicial matter and that the conditions are listed on page 58.

Mayor Ryu asked if any Councilmember needed to recuse themselves. City Attorney Ian Sievers clarified that a Councilmember would need to recuse themselves based on the appearance of fairness, having ex-parte communications with a party involved, bias or prejudice, or conflict of interest. She questioned if there is anything any Councilmember would need to at least disclose that may disqualify them from being able to vote on this item. Mayor Ryu also noted that if any Councilmember has received a campaign contribution from a particular applicant, it should be made known. She stated that certain financial contributions have been deemed too remote to disqualify a Councilmember.

Councilmember McGlashan commented that he knows one of the petitioners and they have contributed to his campaign, but it has no influence on his judgment in this matter.

Councilmember Eggen commented that he also has patronized Mr. Steele's establishment for years but he doesn't believe it will affect his decision. He also noted that he has overheard conversations but it won't affect his judgment.

Councilmember Way stated that she has purchased or rented from Mr. Steele's establishment and a number of people have tried to talk to her about this item. Mayor Ryu added that she received an e-mail from Councilmember Eggen and assumed the information is from the closed record.

Councilmember Hansen moved to adopt Ordinance No. 548 vacating 13,401 Square Feet of Ronald Place N. south of North 175th Street. Councilmember Way seconded the motion.

Deputy Mayor Scott noted that there was an e-mail sent out today regarding Mr. Sill's easement and Mayor Ryu asked the City staff to discuss it. Ms. Redinger stated that Mr. Sill was concerned about the vacation because his trucks need to make deliveries. However, Mr. Sill and Mr. Steele have reached an agreement about notification and access for truck deliveries.

Councilmember Way noted that the dozens of letters regarding the value of Aurora Rents is relevant to this decision. She said she doesn't know if it had any bearing on the decision of the hearing examiner. Ms. Redinger referred to page 56, #20 in the findings and said the Comprehensive Plan goals relate to it. Councilmember Way stated that policy #15 states that the City wants to support and retain small businesses and the jobs they provide.

Deputy Mayor Scott spoke in favor of the proposal because he felt it meets the criteria and will improve economic development. Both the BAT lane and right turn are consistent with the CP in terms of development and revitalization, he noted. He said this is a reasonable proposal. There is an historical piece, but the compromise to preserving the road in that area is also reasonable.

Councilmember Hansen agreed and said he looked at it from the standpoint of the criteria. He listed the criteria and said this encourages economic development, updates the stormwater system, increases water quality, reduces liability for street maintenance, and won't negatively affect traffic flow. He added that the roadway is not a part of the long-term circulation plan but offers improved safety consistent with the CP and street standards. Referring to page 51, he suggested there could be a problem if the City is retaining a right to the property through the covenant. Mayor Ryu pointed out that this item was pulled from a previous Council agenda by the City Manager due to ongoing negotiation of the property value.

Mr. Olander replied that the item was pulled because the City staff was negotiating with the owners and appraisers over the property valuation. Mr. Sievers explained the 25% value aspect and stated that the City used a standard approach to utility easements and it was proposed to Mr. Steele, which he rejected because he thought it was too high. Mr. Steele then developed his own appraisal which utilized an unusual technique for appraising right-of-way property. The City then used that to develop new full appraisal which was reduced based on economic factors and easements. The result was fairly close to Mr. Steele's appraisal of \$22 per square foot. Mr. Olander pointed out that because there is no building allowed on the red bricks, the property value is discounted.

Mayor Ryu outlined the factors affecting the selling price and questioned how the City would memorialize the Sill's turnaround. Mr. Sievers responded that this is a private covenant in favor of Mr. Sill and it required an easement for his delivery truck access. Covenants, he further explained, have to be recorded prior to execution and run with the property.

Mayor Ryu commented about Mr. Steele's loss of 13,000 square feet of property and inquired how much the City bought. Mr. Sievers replied that it hasn't been determined yet how much land the City has received, but Mr. Steele will receive some relocation funds.

Mr. Olander stated that the Aurora acquisitions have to comply with rigorous policies and the rules, transactions, and valuations differ.

Councilmember McGlashan moved to strike Condition #7 from Ordinance No. 548. Councilmember Hansen seconded the motion.

Councilmember Way discussed the historic value of the red brick road and said she would like to relocate it rather than have trucks on it or have it restriped. She noted that it

is already crumbling. Mayor Ryu discussed the appraisal and asked if there was a discount for not allowing removal of the bricks. Councilmember Way pointed out that there was a Washington State Department of Transportation (WSDOT) local agency environmental classification summary done on November 13, 2007 in which the National Historic Preservation Act box was checked. Therefore, this makes the red brick road eligible for listing on the historic register. She added that there were historic issues raised in the record. She added that the agreement was carefully worked out and it would be unfortunate to delay the project further. She stated she is not in favor of the amendment.

Councilmember Hansen said he seconded the motion only for discussion purposes. He said he agreed with Councilmember McGlashan's logic that leaving the bricks as a parking lot on private property is no way to preserve them for the public. He felt that preserving a portion of the road for a park would be good, but he does not support the amendment because they have worked out an agreement and have given an appropriate discount. He expressed concern that this will get delayed because of the details.

Councilmember Eggen concurred that the bricks aren't much of an historical site. However, there is a mechanism in the agreement if Mr. Steele wants to propose something different. This is a very restrictive covenant, he said, so he will not support the amendment.

Deputy Mayor Scott said the agreement was worked out to compromise all the different issues and feelings toward a local business and the brick road. He said he cannot support the amendment because there are some who feel that the brick road is historic and some feel that this is a well-established business that shouldn't be interfered with. He felt that this legislation is a reasonable compromise.

Councilmember McGlashan thanked everyone for understanding his thought process. He felt that striping the brick road is like adding graffiti. He added that the Mayor asked the value of the property and how much the City was paying Larry Steele for the property and the response was that it hasn't been decided. If this passed, he said, he doubts it would have held up anything, as there are other projects that been delayed 22 months. Mr. Olander commented that there is a mechanism to remove a covenant.

Councilmember McConnell agreed that Condition #7 was most perplexing, but the overall proposal does represent a compromise. She stated that the Council often tends to focus on things that are not pertinent. She agreed that the owner is restricted because he cannot build on the brick road, and striping the road diminishes its historical value; however, there is a mechanism in place to change the condition.

Councilmember Way noted that an historical site derives its value partially from the location. Therefore, removing the bricks would remove all of its historical value.

Councilmember Hansen commented that he hears a lot of assumptions that Aurora Rents is going to go back into that property, but it is possible to envision other businesses located there.

Deputy Mayor Scott noted that the owner is requesting this so he can have more room, and it is not necessarily related to Aurora Avenue. He noted that there will be opportunities in the future to honor the heritage of the red brick road, which would be a reasonable compromise that should satisfy all sides. Mayor Ryu clarified that this property is located in a Regional Business (RB) zone and a potential development could be 65-feet high.

A vote was taken on the motion to strike Condition #7 from Ordinance No. 548, which failed 1-6, with Councilmember McGlashan voting in the affirmative.

Councilmember McGlashan called for the question. Councilmember Hansen seconded the motion, which failed 4-2-0, with Mayor Ryu and Councilmember Way dissenting and Councilmember Eggen abstaining (a 2/3 vote is required to close debate).

Councilmember Way questioned the SEPA categorical exemption. Mr. Tovar responded that street vacations are categorically exempt. However, as the responsible official he deemed that the action did not include Ronald Place.

Councilmember Eggen expressed support for the motion. He noted that he sent in some questions and got valid answers from the City staff.

Councilmember Way said she cares a lot about the historical aspects of this community and the small businesses too. She agreed that this is a compromise and she understands that the City cannot preserve everything, but she is glad the road will still be there. She said she would welcome Aurora Rents to come back if they wanted to.

Mayor Ryu commented that this is the first quasi-judicial matter that has gone before the hearing examiner instead of the Planning Commission; she wanted to know if there was adequate notice and process. She said she would appreciate the City staff working on timeliness because the Council had so much material to review but received it late. She questioned the appearance of fairness regarding the sale of property and if it is "first come, first served."

Ms. Redinger responded that all of the abutting property owners have to agree in accordance with the state law governing the sale of property. She confirmed that the City has gone through the fair market value determination process for this property.

A vote was taken on the motion to adopt Ordinance No. 548, which carried 7-0.

RECESS

At 9:15 p.m., Mayor Ryu called for a five minute break. The Council meeting reconvened at 9:20 p.m.

9. NEW BUSINESS

(a) Discussion of Ordinance No. 556, Providing for the Issuance, Specifying the Maturities, Interest Rates, Terms and Covenants of \$22,365,000 par value Limited Tax General Obligation Bonds for the City Hall Project

Debbie Tarry, Finance Director, along with Steve Gaidos and Hugh Spitzer from Foster Pepper, PLLC provided the staff report. She explained that the funds for the City Hall Project will be derived from a combination of bond proceeds, cash, and grants. She noted that the bond proceed amount is going to vary until the day of the bond sale and the 30-year issue meets the City's cash flow needs. She said the City is considering a combination of tax exempt bonds and Build America Bonds (BABs). Additionally, she explained that a 35% subsidy of interest payments may result in a lower interest cost compared with the bonds themselves.

Mr. Gaidos stated that now is a good time to enter the debt market. BABs are a federal subsidy; therefore, entities receive better interest rates through BABs than by doing tax exempt bonds alone.

Ms. Tarry noted that the debt service over the 30-year period with BABs at the current market rate is about \$3.5 million less than if the City had utilized tax exempt bonds only.

Councilmember Hansen questioned Mr. Gaidos about the comparison if the numbers aren't equivalent on the front end. He noted that the debt that the City has to pay off is what the Council is interested in. Mr. Gaidos explained that when the yields, coupons, and premiums are factored in, it is less. Ms. Tarry said the bottom line is what the impact of what the true interest costs (TIC) will be.

Councilmember Eggen noted that the City will benefit by \$3.5 million and appreciates that, but as a taxpayer he wondered what the United States will be paying to give us that benefit. Mr. Gaidos noted that taxpayers will be paying the exact same number.

Ms. Tarry communicated that the bonds need to net \$22,175,000 for City Hall. \$22,369,000 anticipates the premium if it was to be done today. She added that the City selected Piper Jaffray as the underwriter. This process gives the City the flexibility to adjust to market conditions. The bond purchase will occur on July 29 from the underwriter and the offer can be accepted by adopting Ordinance No. 556 at the special meeting that day.

Councilmember McGlashan inquired if all the blank lines will be filled in at 2:00 p.m. Mr. Gaidos pointed out that all of the charts and information concerning the sale will be completed an hour before the meeting. He stated that at 10:00 a.m. they will know if the City has a bond issue and the bond counsel will fill in the blanks that morning. The Council can pass or reject the offer that day, but if they reject it they will have to wait a couple months to bring it back in the market.

Mr. Olander pointed out that the sooner the City can cash out OPUS the less interest the City will have to pay on the construction bond, because waiting several months adds to the City's interest costs.

Ms. Tarry explained that the City won't receive any cash until the settlement date, which is August 10. She explained that Standard & Poor's gave the City got a AA+ bond rating for this as well as a financial management rating of "strong" based on the City's policies and strong reserve levels. Ms. Tarry explained that those planning efforts included working with the Long Range Financial Planning Citizen Advisory Committee, projecting for budget gaps, Council leadership in looking at revenue sources, and budget reductions.

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

Councilmember Way asked how the expected rate matches up with our expected expenditures. Mr. Gaidos responded that he thought the annual debt service number was estimated at around \$1.4 million, but because of the BAB process, it should be less than \$1.3 million.

10. ADJOURNMENT

At 9:46 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk

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