

CITY OF SHORELINE

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

Monday, September 26, 2011
7:00 p.m.

Shoreline City Hall – Council Chamber
17500 Midvale Avenue North

PRESENT: Mayor McGlashan, Deputy Mayor Hall, Councilmember Eggen, Councilmember McConnell, Councilmember Roberts, Councilmember Scott, and Councilmember Winstead

ABSENT: None

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor McGlashan, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor McGlashan led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. CITY MANAGER'S REPORT

Julie Underwood, City Manager, provided reports and updates on various City meetings, projects, and events. Mayor McGlashan thanked the City staff for the Aurora Corridor ribbon cutting.

4. COUNCIL REPORTS

Deputy Mayor Hall noted that the City of Auburn suggested that the Suburban Cities Association (SCA) take a position to endorse the liquor initiative. He has asked the City staff for an analysis of this action so he may take a Council position to the SCA Public Issues Committee (PIC).

Councilmember Eggen reported on the Growth Management Planning Council (GMPC) meeting where the topic of grandfathering school sites in rural areas was discussed again. The GMPC voted to form a task force to find some compromise or another position. He added that he attended a Snohomish County Council Candidates Forum.

5. PUBLIC COMMENT

a) Patrick Carroll, Lynnwood, discussed the tax abatement program, noting that other cities have longer abatement terms and urged the Council to consider them in order to compete.

b) John DeMuri, Shoreline, discussed the Point Wells project and noted that public safety issues will be paramount at the site.

6. APPROVAL OF THE AGENDA

Deputy Mayor Hall moved to add new item 9(d), Suburban Cities Association Bylaws, to the agenda. Councilmember McConnell seconded the motion, which carried 7-0. Deputy Mayor Hall moved to approve the agenda as amended. Councilmember Eggen seconded the motion, which carried 7-0 and the agenda was approved.

7. CONSENT CALENDAR

Upon motion by Councilmember McConnell, seconded by Councilmember Winstead and unanimously carried, the following Consent Calendar items were approved:

(a) Minutes of Study Session of September 6, 2011

(b) Approval of expenses and payroll as of September 16, 2011 in the amount of \$2,414,085.14 as described in the following detail:

*Payroll and Benefits:

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
8/21/11-9/3/11	9/9/2011	41680-41880	11107-11139	48054-48059	\$419,887.58
					<u>\$419,887.58</u>

*Accounts Payable Claims:

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
9/7/2011	47963	47978	\$131,941.79
9/7/2011	47979	48001	\$859,651.87
9/8/2011	48002	48002	\$279.50
9/8/2011	47842	47842	(\$180.00)
9/13/2011	48003	48020	\$621,583.97
9/14/2011	48021	48047	\$48,827.95
9/14/2011	48048	48051	\$242,603.68
9/15/2011	48052	48053	\$89,488.80
			<u>\$1,994,197.56</u>

RECESS

At 7:21 p.m., Mayor McGlashan called for a five minute recess. The meeting reconvened at 7:26 p.m.

8. ACTION ITEM: PUBLIC HEARING

(a) Public Hearing on the Proposed 2011 Surface Water Master Plan and Continued

Council Discussion

Mark Relph, Public Works Director, introduced Jesus Sanchez, Public Works Operations Manager and Brian Landau, Surface Water Manager. Mr. Sanchez explained the purpose of the public hearing, which was to receive citizens' comments on the proposed 2011 Surface Water Master Plan (SWMP). Mr. Landau outlined the primary elements of the plan, which include a focus on capital projects that address flooding issues, water quality, and habitat restoration.

Mayor McGlashan opened the public hearing.

a) Pete Harrington, Shoreline, stated that it is imperative that the plan have contingencies for the Storm Creek area. He urged the City to study it and adopt study recommendations to reduce flows in that creek.

b) Sue Aker, Shoreline, commented on the Storm Creek problem. She brought a video and said the area is a disaster waiting to happen.

c) Gordon Henrickson, Shoreline, commented on the problems at Storm Creek and urged the Council to do something now because Shoreline has the overall responsibility to maintain the stormwater system.

d) Janet Way, Shoreline, suggested giving property owners and developers incentives to address the problem at Storm Creek and to help them retrofit, adding that she hopes there is another public hearing on this.

e) Bob Allen, Shoreline, discussed the erosion problem at Storm Creek and urged the City to do something about the site before a tragedy occurs there.

f) Tom Jameson, Shoreline, said the correlation between Storm Creek and Point Wells is sustainability and safety. He noted that this is an opportunity for the Council to show its commitment to safety and sustainability.

g) Judy Allen, Shoreline, thanked Public Works Director Mark Relph and Public Works Operations Manager, Jesus Sanchez for listening to the residents and coming to the site to see it. She noted that now is the time to act.

Councilmember Eggen confirmed with City Attorney Ian Sievers that closing the public hearing does not prevent the public from providing comments. He added that the public hearing adds supplemental notice to the public concerning the topic.

Mayor McGlashan closed the public hearing.

Councilmember Eggen inquired on the status of Storm Creek and Mr. Sanchez replied that the study will be complete in the spring of 2012. Councilmember Eggen also confirmed that there has been some short-term pro bono work done on the erosion problem and it is estimated that \$350,000 - \$500,000 would be the cost to remedy that area in the short-term. He added that it

would take a major effort to control the erosion in that area and that the best way to manage this is to work on the entire basin from the top down.

The Council and staff discussed various issues related to the Surface Water Master Plan and the specific problems in Storm Creek. Discussed issues included liability, impact on properties, geotechnical analysis, upstream retention, access to the site, potential grants, maintenance vs. short-term fixes, sustainability elements, low impact development (LID), level of service (LOS) options, and a possible tiered system of surface water fees. Staff noted that they could return to Council with a summary assessment on Storm Creek.

Mr. Relph concluded by discussing the asset management system and said the City needs someone to manage the software system and run reports. That, he explained, is the full-time equivalent (FTE) position needed as the City moves towards the maintenance side. Mr. Sanchez added that this is a strong programmatic position for someone who continually plans and analyzes the data.

9. NEW BUSINESS

(a) 2012-1016 Comprehensive Emergency Management Plan Update

Debbie Tarry, Assistant City Manager, introduced Gail Harris, Emergency Management Coordinator, who outlined the elements of the 2012-2016 Comprehensive Emergency Management Plan (CEMP) Update. She explained that this update includes new guidance from the state and federal government along with the development of new response and recovery plans throughout the Puget Sound region. She noted that there have been some additional appendices added to the CEMP. Ms. Harris replied to an inquiry from Councilmember Roberts and said that this a response plan with no bearing on Point Wells. It is more networked with the King County regional disaster plan, not Snohomish County, with the exception for transportation corridors.

(b) 2011 Second Quarter Financial Report

Debbie Tarry, Assistant City Manager, introduced Patti Rader, Budget Manager, who summarized the financial activities during the first half of the year for all City funds. She provided detailed information on the General Fund, Street Fund, Surface Water Utility Fund, General Capital Fund, and Roads Capital Fund. She noted that the City staff is recommending the lowering of certain General fund revenues based on year-end projections. She noted the development activity trends and said the permit and gambling tax revenues are above 2010 levels. She highlighted that there is a projected year end savings of \$671,000 in expenditures, with most of the savings coming from jail costs and utilizing the Snohomish County jail system as opposed to King County. However, the areas of concern include the local sales tax, criminal justice sales tax, telecommunications utility tax, gambling tax, and real estate excise tax (REET).

Councilmember Eggen confirmed with Ms. Tarry that the 2011 Property Tax Revenues are higher because the assessed valuation was higher than what the City estimated. Councilmember McConnell verified with Ms. Rader that the high school development revenue was reflected in the budget, but since it is one-time funding it will be transferred into the revenue stabilization

fund. Councilmember Eggen confirmed that the assessed valuation for 2011 was higher than the City staff expected and the assessed valuation for 2012 is lower than expected.

(c) Extension of the Property Tax Exemption Program

Dan Eernissee, Economic Development Manager, provided the staff report, explaining that an expansion of the City's Property Tax Exemption (PTE) program to properties along Aurora Avenue would provide an additional tool in attracting developer investment in the City. He further explained that while the PTE program provides investors a recognized incentive, it does it at the expense of revenue the City would receive if the investment happened without the incentive. He discussed the City of Seattle and its attraction to developers. He highlighted the top ten PTE community benefits.

Deputy Mayor Hall confirmed that there has not been any situation where the PTE decreases the City's tax base and it does not shift the tax burden to other property tax payers. Mr. Eernissee explained that PTE only allows for tax benefits on enhancements to properties.

Councilmember Roberts verified that property taxes are based on overall assessed value of the City and then distributed equally across the City. He pointed out that if someone develops a property it increases the assessed value of the City. Ms. Tarry clarified that the assessed value is utilized to determine the rate of the property tax and each year the City's levy can increase by 1% plus new construction. With PTE, she explained, the new construction for a property that is in this program does not get added until the exemption period is over and the project has been completed.

Councilmember McConnell noted that the City does not lose anything with PTE and said it is a vehicle to provide incentives for development. She highlighted that new construction brings sales tax, permit fees, and property tax after the exemption period is over.

Councilmember Scott cautioned the Council to be careful with assumptions, as this can send the wrong message that development will not happen without the PTE. Mr. Eernissee stated that there are some developers who are willing to pay full price to develop here. He recommended utilizing a market rate PTE with a five-year term along the Aurora Corridor.

Deputy Mayor Hall also supported it and added that it is critical that the City has a long-term vision for being financially sustainable. Councilmember Roberts agreed, but wondered how effective the program would be in Shoreline. Mr. Eernissee responded that Seattle has a different setting. However, he felt Shoreline has better community cohesiveness, better schools, more responsive government, and is more livable. He also added that the area along the Aurora Corridor in Shoreline very nice and there will be rapid bus transit in 2013. Councilmember Roberts agreed that the program should be standardized for all developers. He disagreed that the program should only be implemented along Aurora and that Briercrest, in the southeast corner of Shoreline, is another location that a PTE program should be considered. Ms. Underwood responded that every potential area where the PTE program would make sense will be reviewed. She noted that Aurora is at the top of the list because there has been a considerable investment there by the City.

Councilmember Scott supported the five-year plan and felt having a PTE program in other commercial areas within the City would make sense, but the City needs to be honest with the citizens. This is a property tax program that will take money away from the City because it is a property tax exemption. It discredits the Council credibility if the City says it isn't and wants the City to be careful how this message is communicated to the residents.

Councilmember Eggen stated that he is generally supportive of having the PTE program as proposed with five year vesting to be administered along the Aurora Corridor and maybe elsewhere. However, it is something the Council needs to consider carefully. Deputy Mayor Hall agreed with having the program on the Aurora Corridor and anywhere the City already has an engaged community. He said that utilizing this tool to encourage development where the City has planned for it is one way to shift development where the City wants it. Mayor McGlashan expressed his support for the PTE program.

(d) Suburban Cities Association (SCA) Bylaw Amendments.

Deputy Mayor Hall moved to direct the City staff to prepare amendments to the Suburban Cities Association Bylaws. Councilmember Roberts seconded the motion.

a) Tom Jameson, Shoreline, asked why this issue was being brought up and said there is no realistic way for the public to comment.

Deputy Mayor Hall noted that the reason this is short notice is because an opportunity was provided by SCA and the deadline for submitting amendments is October 7th. He read the amendments and provided the rationale for them. Councilmember Roberts clarified the motion and agreed with Deputy Mayor Hall. He stated that these amendments should apply to the whole Public Issues Committee. Councilmember Winstead asked about the feasibility of votes in caucuses and Councilmember Eggen replied that there is no secretary at caucus meetings and votes are fairly informal.

A vote was taken on the motion to direct staff to prepare amendments to the Suburban Cities Association Bylaws, which carried 7-0.

Ms. Tarry corrected a statement made during the previous item regarding PTE. She clarified that there would be some tax burden shifting from exempt properties to others. Councilmember Eggen confirmed that the School District would lose money and everyone else would experience a tax shift.

10. ADJOURNMENT

At 9:52 p.m., Mayor McGlashan declared the meeting adjourned.

Scott Passey, City Clerk