

CITY OF SHORELINE

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

Monday, November 28, 2011
7:00 p.m.

Council Chamber - Shoreline City Hall
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. Deputy Mayor Hall confirmed with Ms. Underwood that the voters can petition to have the Ronald Wastewater District decision to add two more board members placed on the ballot.

4. COUNCIL REPORTS

None given.

5. PUBLIC COMMENT

a) Diana Herbst, Shoreline, urged the Council not to pass the Southeast Subarea Rezone because it disregards the advice of the Citizen Advisory Committee (CAC) and has major flaws.

b) John Davis, Lynnwood, encouraged the Council to pass the Southeast Subarea Rezone because citizens have expended a tremendous investment of time and energy and it will make the neighborhood better.

c) Lance Young, Shoreline, Interurban Trail Tree Preservation Society, questioned where the funds will come from to purchase the Seattle Public Utility (SPU) water system and hiring an engineer to study it.

d) Budd Bennion, Shoreline, expressed concerns about the Southeast Subarea Rezone and the responsibility for the cutoff street at the LDS church.

e) Sigrid Strom, Shoreline, verified that the Council received her letter and said it is important the Council does the right thing about the Southeast Subarea Rezone.

f) Dennis Lee, Shoreline, expressed concerns as a member of the Southeast Subarea CAC about drainage, traffic problems, transit oriented development, job density, and commercial property.

Ms. Underwood noted that there will be a Council study session on SPU in January.

6. APPROVAL OF THE AGENDA

Upon motion by Deputy Mayor Hall, seconded by Councilmember Eggen and unanimously carried, the agenda was approved.

7. CONSENT CALENDAR

Upon motion by Deputy Mayor Hall, seconded by Councilmember McConnell and unanimously carried, the following Consent items were approved:

- (a) **Minutes of Study Session of November 7, 2011**
Minutes of Workshop Dinner Meeting of November 14, 2011

(b) **Approval of expenses and payroll as of November 18, 2011 in the amount of \$2,712,094.20 as described in the following detail:**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
10/16/11-10/29/11	11/4/2011	42461-42648	11247-11284	48581-48586	\$415,832.58
					<u>\$415,832.58</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
11/9/2011	48511	48543	\$169,287.08
11/9/2011	48544	48565	\$838,988.30
11/9/2011	48566	48571	\$9,102.91

11/9/2011	45969	45969	(\$93.72)
	46668	46668	(\$57.94)
11/9/2011	48572	48580	\$1,256.33
11/16/2011	48587	48601	\$1,110,457.38
11/16/2011	48602	48615	\$57,121.05
11/16/2011	48616	48618	\$46,177.16
11/16/2011	48619	48624	\$32,139.66
11/16/2011	48625	48641	\$29,063.84
11/16/2011	48642	48648	\$2,819.57
			<u>\$2,296,261.62</u>

(c) **Adoption of Ordinance No. 621 transferring review authority for all Quasi-Judicial Hearings from the Planning Commission to the Hearing Examiner; and Amending Chapter 2.20.060 and Table 20.30.060 of the Shoreline Municipal Code**

(d) **Motion to Authorize City Manager to Execute a 2012 Janitorial Services Contract with Allbright Floor Care d/b/a ProTeam Janitorial for City Facilities**

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

(a) Ordinance No. 623 Adopting the 2012 Regular and Excess Property Tax Levies

Debbie Tarry, Assistant City Manager, provided the staff report. She announced that she confirmed with the King County Assessor's Office and the Municipal Research Service Center (MRSC) that the City cannot bank collected funds in excess of the statutory limit.

Deputy Mayor Hall moved to approve Ordinance No. 623 adopting the 2012 Regular and Excess Property Tax levies. Councilmember Roberts seconded the motion. Deputy Mayor Hall highlighted that the difference between the 3.15% inflation and 2.7% property tax levy increase is 16%, which will cause financial challenges and a struggle to maintain the commitment to maintain basic services.

A vote was taken on the motion to adopt Ordinance No. 623, the 2012 Regular and Excess Property Tax levies, which carried 7-0.

(b) Ordinance No. 622 Adopting the Year 2012 Budget; the Year 2012 Fee Schedule; and the Year 2012 Salary Schedule

Debbie Tarry, Assistant City Manager, provided the staff report.

Councilmember Eggen moved approval of Ordinance No. 622 adopting the Year 2012 Budget; the Year 2012 Fee Schedule; and the Year 2012 Salary Schedule. Councilmember McConnell seconded the motion.

Councilmember Roberts pointed out that Governor Gregoire issued her proposed budget and asked how the City's budget might be amended if it is adopted. Ms. Tarry replied that the City

staff has discussed it with the Association of Washington Cities (AWC) and MRSC to get clarification of I-1183 and the recommendation was that there would be a revenue reduction that equals the liquor excise tax collections of \$130,000, which would be a mid-year implementation in 2012. However, she added that the liquor profits should reflect the same amount.

Councilmember Roberts said he met with AWC and there was discussion of an agreement that the money from state-shared revenues would decrease, despite the governor's proposal. Ms. Tarry replied that based on the last budget submission, the liquor profits could not come off the table. Councilmember Roberts confirmed that there would be a total loss of \$260,000 in 2012.

Deputy Mayor Hall moved to amend Ordinance No. 622 by substituting Attachment C for Attachment D, which adopts the 2012 budget without adding the City Engineer.

Councilmember Scott seconded the motion.

Deputy Mayor Hall spoke in favor of the motion and urged the need to keep the City's costs under control during these tough economic times.

Council and staff, including Mark Relph, Public Works Director, discussed the proposal to add a City Engineer. It was confirmed that Mr. Relph's time is needed on the SPU acquisition, and the City Engineer is needed to perform the engineering functions for new development as well the capital development side. He added that this would allow the Public Works Department to respond promptly and better support the Planning Department. Responding to Councilmember Eggen, Mr. Relph outlined the projects that are not receiving an adequate amount of attention due to the lack of a City Engineer.

Councilmember McConnell noted that the bridge in Richmond Beach was a time-consuming event and agreed that a qualified engineer would have helped with this project. However, she voiced her opposition to the motion. Councilmember Roberts and Mayor McGlashan also opposed the amendment.

A vote was taken on the motion, which failed, 2-5, with Councilmember Eggen and Deputy Mayor Hall voting in the affirmative.

Councilmember Roberts moved to amend the budget by reducing the cost-of-living-adjustment (COLA) from 2.04% to 1%. Councilmember Scott seconded the motion.

Councilmember Roberts spoke to his motion and noted that this gives the City less to worry about if additional cuts are needed later. He said it will be easier to raise the COLA in March or April after the state budget is released than to reduce it later.

Councilmember Scott verified that the overall savings would be about \$115,000. Councilmember Eggen supported the amendment, but warned that it will not solve the problem. Deputy Mayor Hall preferred to find the savings another way, but supported the amendment. Councilmember McConnell agreed with previous speakers and hoped the organization understands the fiscal problems. She added that she would rather not have to lay off anyone and that this is a difficult decision. Councilmember Winstead agreed but said this is a good compromise. Mayor

McGlashan inquired about amending the budget mid-year and said he doesn't support the amendment.

A vote was taken on the motion, which carried 5-2, with Mayor McGlashan and Councilmember Scott dissenting.

A vote was taken on Ordinance No. 622 adopting the Year 2012 Budget; the Year 2012 Fee Schedule; and the Year 2012 Salary Schedule, as amended, which carried 7-0.

(c) Ordinance No. 616 Adopting the Legislative Rezone Implementing the Southeast Neighborhood Subarea Plan

Miranda Redinger, Associate Planner, provided the staff report.

Councilmember Winstead moved to suspend the Council rules to allow for public comment on this item. Councilmember Eggen seconded the motion, which carried 7-0.

Mayor McGlashan called for public comment.

a) Bettelinn Brown, Shoreline, stated that the Southeast Neighborhood Subarea has always been a concern and that there are some negative influences in that area which don't make it an attractive area for development.

b) Cara McKinnon, Shoreline, said she was on the citizens' advisory committee and she agrees with the Southeast Neighborhood Subarea Rezone, although the high density development should be done right.

c) Kathy Hall, Shoreline, expressed concern that the zoning will be permanently established just when Lake Forest Park is planning for the east side of Bothell Way.

Deputy Mayor Hall moved to adopt Ordinance No. 616, the Legislative Rezone Implementing the Southeast Neighborhood Subarea Plan. Councilmember McConnell seconded the motion.

Deputy Mayor Hall spoke in favor of the motion and said he is concerned about groundwater and environmental issues, but is confident regulations today and in the future will deal with stormwater in a far better way than when area was built. He pointed out that the Planning Commission has held six public meetings/hearings over a span of 15 months and the Council delayed it to make sure all concerns were heard.

Councilmember Roberts spoke against the motion and felt a further study of the area would be best. He said the proposed changes do not reflect the best interest of the neighborhood and community. He noted that higher density should be along transit corridors. He discussed commute times and the inappropriateness of creating a CB zone. He summarized that the Council needs to think critically about how growth is planned and realize that changes in the zoning map have significant impacts. Additionally, he said the Council shouldn't expect

development if there are significant infrastructure needs and it should be the Council's duty to develop a clear identity for the City and the neighborhoods and have it done right the first time. He suggested taking the time to develop the tools and look at a different type of MUZ that allows for parking, transition zoning, and density bonuses. He urged the Council to vote against this plan.

Councilmember Eggen spoke against the motion and expressed major concerns with the proposal, include traffic and access issues. He commented that the growth management act asks us not only to provide 5,000 units, but to also provide 5,000 new jobs, and the City's policies ignore that. He stated that the neighborhoods have a legitimate concern about traffic.

Councilmember Scott noted that there have been months of public process to get this recommendation and wondered if there was anything more the City staff or Council could have done. He added that these concerns should have been addressed during the Planning Commission phase of this item. Ms. Redinger responded that this proposal represents a compromise and the committee was very diverse, with a host of stakeholders involved. She added that this has been a three-year process and aspects of this process have been complex, which makes implementation challenging. She added that managing expectations has been difficult.

Councilmember McConnell noted that the CAC vote was 7-5 and she said this is about how the neighborhood is designed and how it's transitioning. She felt the proposal has been vetted throughout the community. She said she supported the motion and that the changes on Bothell Way will take decades.

Councilmember Roberts discussed the letter Mr. Davis sent to Council and asked Ms. Redinger how she would characterize his representation. She replied that the citizens were clearly divided. Councilmember Roberts commented that Council should take the time to understand the lessons derived from this process. Councilmember McConnell communicated that the Planning Commission vote was 6-1 and there wasn't a real division in their decision.

Councilmember Scott added that there was a 7-5 vote on the CAC, so it wasn't a strong majority. He communicated that there should have been more time spent at that level deliberating and searching for a better solution. He said he is conflicted on this item.

Councilmember Winstead said she is also conflicted. She wondered if there would have ever been any consensus on this. She verified with Ms. Redinger that this could be changed if the Council adopted it.

Mayor McGlashan noted that he was going to support this item, even with more density, and support the Planning Commission recommendation.

A vote was taken on the motion to adopt Ordinance No. 616, the Legislative Rezone Implementing the Southeast Neighborhood Subarea Plan, which carried 4-3, with Councilmembers Eggen, Scott, and Roberts dissenting.

- (d) Continued Discussion of Expansion of the Property Tax Exemption

(PTE) Program

Dan Eernisse, Economic Development Program Manager, provided the staff report. He discussed the fact that Washington law encourages property tax exemptions for multifamily investment in urban areas. He highlighted that PTE it is a tool to manage growth, help provide affordable housing, and uses land more efficiently. He replied to previous Council questions concerning this item.

Deputy Mayor Hall verified with Mr. Eernisse that the tax savings only go towards the fixed levy taxes. Mr. Eernisse also replied to Councilmember Eggen that this isn't going to increase the tax and doesn't punish anyone by giving a tax exemption to a project.

Mr. Eernisse recommended the expansion of PTA in the entire Aurora Corridor area, which would include certain side streets. He noted that Ballinger, Hillwood, Richmond Beach, and the SE Neighborhood are feasible also.

Mayor McGlashan asked about the maps delineating the different areas and confirmed the areas with Mr. Eernisse.

Councilmember Roberts communicated that the Aldercrest property is not in that exemption area and Mr. Eernisse replied that it is an attractive property and developers are interested in it; therefore, the incentive is not needed.

Councilmember Roberts questioned if the expectation is that the use would be the same across all properties. Mr. Eernisse recommended that the City maintain North City and Ridgecrest as is, but standardize everything else. This, he noted, is a way to incentivize development for the first few years. Councilmember Roberts confirmed that PTE would only be used for multi-family housing and supported extending this program, if successful, to all neighborhoods.

Deputy Mayor Hall agreed with Councilmember Roberts and said he hasn't seen much new construction. He stated that revenues will decrease and the cost for materials continues to go up, thus the Council will face need to cut services every year. This, he said, may stimulate the development market and compete with other jurisdictions. However, he said he is interested in a sunset provision to have this only last through 2016.

Councilmember Eggen supported it and said it is important to communicate it to the community. He added that there is some strong belief in the community that this is a tax shift and citizens need to be aware that it is not. He noted that public education is critical. He said he isn't sure how to stimulate jobs in Shoreline.

Councilmember Roberts said that this could be extended to a couple of areas on the south of the Aurora Corridor and Westminster Triangle. Deputy Mayor Hall stated that that wasn't a bad idea and doing this on large continuous blocks is better, as the smaller you get, the more neighbor problems occur.

Councilmember McConnell said she would like more information from other cities if the City is competing with local jurisdictions.

Councilmember Eggen asked what the public process was on this and Ms. Underwood replied that this will be brought back to the Council on December 12. Councilmember Eggen added that this is an issue the community will be critically interested in and would like the City to make every effort to alert people that this is not a tax shift, but a tax exemption program. He said this and economic development updates should be announced in the Council of Neighborhoods meetings, the *Currents* newsletter, the website, and in conversations with the community.

Mayor McGlashan noted that this is a tool to stimulate future development and all developable lands like Fircrest need to be examined. However, Councilmember Eggen pointed out that neighbors were opposed to very high density there.

Mayor McGlashan pointed out that the area on the map along 8th Avenue may be Innis Arden property and protected by covenants. Mr. Eernisse said he would investigate and correct the map if necessary.

9. ADJOURNMENT

At 9:32 p.m., Mayor McGlashan declared the meeting adjourned.

Scott Passey, City Clerk