

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, November 25, 2013
7:00 p.m.

Council Chambers – Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor McGlashan, Deputy Mayor Eggen, Councilmembers Hall, McConnell, Winstead, Salomon, and Roberts

ABSENT: None

1. CALL TO ORDER

The meeting was called to order at 7:00 p.m. 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. REPORT OF THE CITY MANAGER

Debbie Tarry, Interim City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember Salomon reported on his attendance at the recent Water Resource Inventory Area (WRIA) 8 meeting, where it was announced that there was a high level of Chinook salmon return, which indicates that the group's efforts are heading in the right direction to improve the health of Puget Sound. The City of Shoreline contributed dollars to complete the "Rainbow Bend Project" on the Cedar River, which relocated homes that were prone to flooding and restored salmon habitat.

Mayor McGlashan said that in addition to selecting the 145th and 185th Street sites as preferred locations for light rail stations, the Sound Transit Board agreed to study placing the tracks that go through Shoreline at ground level as much as possible. In addition, they agreed to consider locating the parking garage for the 185th Street station on the west side of the freeway, which means there will be improvements to the bridge over Interstate 5.

5. PUBLIC COMMENT

John Dupea, Shoreline, voiced opposition to the Council's decision to prohibit plastic bags in the City. He felt the citizens should have had an opportunity to vote on the issue.

Shawn Kerins, Shoreline, said he is opposed to Compass Housing's proposed Ronald Commons development because of its size and placement on the site and because code changes were needed to accommodate the design. He reminded the Council that Town Center was originally designed for housing and economic development, and the Ronald Commons Development would be inconsistent with that goal.

Diane Pottinger, Shoreline Water District, said she was present to make comments about the proposed Utility Unification and Efficiency Study, which will be discussed later on the agenda. She made three observations: 1) it is premature to include Shoreline Water District in the analysis; 2) if the City is going to look at how unification will benefit the water district customers, it will also need to look at how it will impact customers that are not in the City; and 3) the City claims that the utility unification will benefit taxpayers, yet there is no quantification of any kind to support the statement.

Alice Lawson, Friends of Aldercrest (FAC), said she was present to speak about the City's plan to develop the newly acquired Brugger's Bog maintenance facility. She recalled that FAC gave its support for the acquisition based on the expectation that the City would manage the site with greater attention to its impact on the surrounding environment. She asked the Council to ensure that thorough planning is done, and a collaborative culture is continued.

Debbie Kellogg, Shoreline, said she lives in the Parkwood Neighborhood where a disabled man was hit by a car today at Densmore and 155th Street. She said she previously contacted the Customer Response Team (CRT) and the Transportation Department about the poor condition of the footpath that is located in this area. She questioned the Council's proposal to spend money for sidewalk improvements on 25th Avenue Northwest to Richmond Beach when her neighborhood has desperately needed a sidewalk for years. She submitted a copy of the contact she made with CRT, and photographs.

Ms. Tarry reviewed that the Council adopted a plastic bag ban for thin plastic bags that will go into effect February 1, 2014, and it is making every attempt to ensure that the community is aware of the change.

Ms. Tarry advised that, later in the meeting, Compass Housing and Ronald Methodist Church will make their first presentation to the City Council regarding the Ronald Commons Project.

Ms. Tarry said that during 2013 and 2014, the City will undertake its initial phase of improvements to the Brugger's Bog Maintenance Facility. In addition, the City will work on a long-term planning process to prepare for when the City begins operating the wastewater and water utilities. The City will engage in discussions with the community as the site planning moves forward.

Ms. Tarry reported that the gentleman who was hit by a vehicle earlier in the day was traveling eastbound on 155th in the bike lane. The accident is under investigation by the King County

Sheriff's Office. Staff will follow up on Ms. Kellogg's previous contact with the CRT and Transportation Services Department. The Council requested a follow up on the accident investigation, as well as a report on the footpath that is located near Ms. Kellogg's home.

6. APPROVAL OF AGENDA

Councilmember Hall moved to approve the agenda as presented. Councilmember Roberts seconded the motion, and the motion carried unanimously.

7. CONSENT CALENDAR

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

- a. Minutes of Business Meeting of October 28, 2013
Minutes of Special Meeting of November 11, 2013**

- b. Approval of expenses and payroll as of November 8, 2013 in the amount of \$1,963,654.90:**

***Payroll and Benefits:**

| Payroll Period | Payment Date | EFT Numbers (EF) | Payroll Checks (PR) | Benefit Checks (AP) | Amount Paid |
|-----------------------|-----------------|------------------------|---------------------------|---------------------------|---------------------|
| 9/29/13- 10/12/13 | 10/18/2013 | 52661- 52864 | 12830- 12853 | 54950-54957 | \$565,094.39 |
| 10/13/13- 10/26/13 | 11/1/2013 | 52865- 53065 | 12854- 12879 | 55136-55141 | \$412,292.26 |
| | | | | | <u>\$977,386.65</u> |

***Wire Transfers:**

| Expense Register Dated | Wire Transfer Number | Amount Paid |
|------------------------------|----------------------------|--------------------|
| 10/28/2013 | 1074 | \$6,020.02 |
| 11/7/2013 | 1075 | \$42,125.00 |
| | | <u>\$48,145.02</u> |

***Accounts Payable Claims:**

| Expense Register Dated | Check Number (Begin) | Check Number (End) | Amount Paid |
|------------------------------|----------------------------|--------------------------|----------------|
| 10/22/2013 | 54948 | 54949 | \$57,583.45 |
| 10/23/2013 | 54958* | | |
| 10/24/2013 | 54959 | 54984 | \$140,723.03 |
| 10/24/2013 | 54985 | 54986 | \$4,774.70 |

| | | | |
|------------|-------|-------|---------------------|
| 10/24/2013 | 54987 | 55013 | \$57,878.86 |
| 10/24/2013 | 55014 | 55019 | \$838.52 |
| 10/24/2013 | 55020 | 55020 | \$3,153.55 |
| 10/24/2013 | 55021 | 55021 | \$53,749.62 |
| 10/30/2013 | 55022 | 55041 | \$318,519.31 |
| 10/30/2013 | 55042 | 55057 | \$29,675.78 |
| 10/30/2013 | 55058 | 55072 | \$199,961.27 |
| 10/30/2013 | 55073 | 55078 | \$1,099.22 |
| 11/6/2013 | 55079 | 55085 | \$9,889.52 |
| 11/6/2013 | 55086 | 55103 | \$14,426.15 |
| 11/6/2013 | 55104 | 55127 | \$44,559.58 |
| 11/6/2013 | 55128 | 55135 | \$1,290.67 |
| | | | <u>\$938,123.23</u> |

8. COMMUNITY PRESENTATION

(a) Ronald Commons Project

Ms. Tarry provided introductory comments and introduced Beth Boram, Property Development Director, Compass Housing Alliance; Kevin Osbourne, Hopelink; Paula McCutcheon, Pastor, Ronald United Methodist Church, and Poppy Handy, SMR Architects, who were available to make the presentation.

Pastor Paula McCutcheon, Ronald United Methodist Church, briefly shared the church's vision of being a diverse, faithful, active community of service, hospitality and hope to members of the community, particularly those who are homeless. She also described how the unique partnership between the Compass Housing Alliance, Hopelink, and Ronald United Methodist Church was established to create a plan for a "village development" that will provide housing and services in an integrated setting. She thanked the Council for their support in helping meet the basic needs of people in the community as called in a Comprehensive Plan goal.

Beth Boram, Property Development Director, Compass Housing Alliance, explained that the proposal would redevelop the 99,000 square foot church site into a campus design that would include 60 units of affordable housing owned and operated by Compass Housing, a 12,000 square foot integrated service center owned and operated by Hopelink, a remodeled church building, and other site improvements that will compliment and integrate the three uses. The proposal would include 1, 2 and 3-bedroom units that are affordable to households with incomes at or below 30% and 50% of area median income.

Kevin Osbourne, Hopelink, described the variety of services offered by Hopelink. He explained that they are unable to provide all of the services in their current facility at 160th and Aurora Avenue North, and the new building would provide expanded space to meet their growing needs.

Poppy Handy, SMR Architects, briefly reviewed the conceptual site plan, which revolves around a three-block connection between Linden Avenue and Aurora Avenue North. The site plan includes a number of elements that reach out to the broader community such as a potential public

plaza on the side facing Aurora Avenue North. More private spaces would be provided within the church area, and services would be focused towards the center of the site. A shared parking area would incorporate sustainable features, and a public plaza would be provided for the residents of the Compass Housing Alliance Project, as well as the people who attend the church and/or serve at the Hopelink facility. A children's play area would be provided, and possibly an urban garden. She noted that while there would be three to five stories of housing in the Compass Housing Alliance building, the first floor facing the central parking lot would house the Hopelink and Compass Housing Alliance non-residential uses. A number of units would face directly onto Linden Avenue to create a walk-up apartment atmosphere to transition with adjacent neighborhoods. A number of residents in the area currently walk through the church property to connect with the Rapid Ride Bus on Aurora Avenue, and the proposed site plan would retain this through block connection.

Ms. Boram explained that the mixed-use building would be developed by Compass Housing Alliance, and Hopelink would purchase space after the project has been completed. She reviewed a preliminary summary of potential funding sources for the \$20 million project, and emphasized that the City's support of the project is very important to receive State support. Ms. Boram reviewed the preliminary development schedule, noting that if the project is fully funded in 2014, construction would start in late 2015, with occupancy in early 2017.

It was asked how much funding is currently available for the project. Ms. Boram answered that no funding has been secured at this time. Typically, public organizations work together so that all funding comes in at the same time. They plan to apply for a CDBG grant from the City of Shoreline in early 2014.

A Councilmember asked if the new Hopelink facility would replace the existing space. Mr. Osbourne answered affirmatively. He noted Hopelink has an overall capital campaign in progress for not only the new integrated service center in Shoreline, but for a new center in Redmond and housing improvements in Kenmore.

At the request of a Councilmember, Ms. Boram explained that for funding purposes, two commercial condominiums would be created in the mixed-use building. Hopelink and the Compass Housing Alliance would own the building in common.

It was asked if non-profit must reach a certain point before applying for funding. Ms. Boram answered that, typically, detailed design work is not done until the project is nearly fully funded. She noted that applicants can use the funds as soon as they are awarded; and construction must be started within a certain time period. She estimated it would take 9 to 12 months to complete the detailed plans and obtain the necessary building permits.

The Council requested information about where parking for the residential units would be located. Ms. Boram answered that a structured parking garage would be located under the Hopelink/Compass Housing Alliance building to serve the residents and staff. Access would only be available from Linden Avenue. The shared, central parking area would be accessed from two locations on Aurora Avenue North and would serve patrons of the church and Hopelink's integrated service center. There would be no access to the shared parking area from Linden

Avenue. Entries to the residential units would face on Linden Avenue and have small yards to provide a transition between the larger building and the adjacent residential neighborhoods.

A Councilmember noted that affordable housing is a problem throughout King County and asked what makes this particular site appropriate for the uses proposed. Ms. Boram responded that Shoreline is a priority for a King County Housing and Community Development Program because they have not been able to fund many projects in the area. The location is ideal because it is close to regional transit opportunities, located within a residential neighborhood, is served by good schools, and is within close proximity to necessary services and amenities.

There was some discussion about balancing the need to limit the scope and role of government with the need to support non-profit organizations that provide essential services to members of the community. It was suggested that if someone working full time still requires public assistance for housing, perhaps the bigger issue is related to “affordable wages”.

It was asked if the road that currently connects Linden Avenue with Aurora Avenue North would be eliminated. Ms. Handy answered that most of this roadway is located on the property to the south. The access to the church from Linden Avenue would be eliminated, but the access to the car dealership would be retained. In addition, cars would no longer be able to cut through the church property.

9. ACTION ITEMS

- (a) Authorize the City Manager to Execute a Contract with Merlino Construction Company for the Aurora Corridor Improvement Project North 192nd to North 205th, Including a Project Contingency and Waiving the 1% for the Art Contribution

Ms. Tarry provided a brief introduction of the proposed project, which represents the fourth and final phase of the overall Aurora Avenue Corridor Project from North 145th to North 205th Streets.

Mark Relph, Public Works Director, briefly described the project, noting that in addition to City funding (10%), the project will be funded by partnerships and grants. He recommended that Council authorize the City Manager to execute a contract, including the additives, with Gary Merlino Construction Company in the amount of \$26,910,578.70, and include a 10% contingency for construction of the last phase of the Aurora Corridor Project. He also recommended that the 1% for the Arts contribution be waived for the project. If the contingency is still intact at the end of the project, Council would have the ability to reallocate the 1% back to the arts.

Councilmember Hall moved that the Council authorize the City Manager to execute a contract that includes the additives with Gary Merlino Construction Company in the amount of \$26,910,578.70, including a 10% contingency for the construction of the final phase of the Aurora Corridor Improvement Project (North 192nd to North 205th Streets) and waiving the 1% contribution to the arts. The motion was seconded by Councilmember McConnell.

It was commented that this is the culmination of a project that has lasted the entire history of the City. The success of the earlier phases in saving lives, property damages, and beautifying the community are fantastic. It was noted that the project is already a few million dollars over the engineer's estimate, and minimizing the costs up front would allow the City to purchase additional art elements as time goes on if money is available.

It was asked if 10% is the normal contingency for a project of this type. Mr. Relph answered that he believes the 10% contingency is appropriate given the scale of the project.

Councilmembers expressed their support for including art elements in the project if funding is available. Mr. Relph advised that staff should have a clearer view of where the project is financially in about one year, and a status report could be provided at that time.

Questions were raised about the project timeline. Mr. Relph advised that the timeline for construction is between 18 months and two years, and staff anticipates the project will get started in January 2014. He noted that the City has learned a lot of lessons from the earlier phases, and steps will be taken to ensure that traffic moves through the construction site as efficiently as possible.

A councilmember asked how utility work would impact the timing of the project. Mr. Relph answered that coordination of the utility work is vital and will have a significant impact on the project timeline. He commented that it is not uncommon to uncover unanticipated circumstances when the utility work starts.

Councilmembers congratulated the community for putting up with the corridor improvements for the past 15 years and asked for their continued patience as the last segment is completed. Citizens were encouraged to continue to support the local businesses that will be impacted by the project.

The motion to approve the contract with Gary Merlino Construction Company carried unanimously.

(b) Adoption of Ordinance Number 678 – 2014 Budget and 2014 – 2019 Capital Improvement Plan (CIP)

Ms. Tarry provided introductory comments and thanked City staff for their efforts producing the proposed 2014 Budget. She noted that the proposed budget totals nearly \$72 million and will allocate resources to provide the citizens of Shoreline with quality services and funding to maintain and improve roads, facilities and environment. The funding supports the Council's stated goals and will ultimately take the City one year closer to achieving Vision 2029.

Robert Hartwig, Administrative Services Director, provided a brief Staff Report. He reported that, based on discussions with Council, staff increased the jail contingency from the original proposed amount of \$128,352 to \$261,425 to respond to the booking restrictions imposed by

Snohomish County on November 1, 2013. In addition, commercial and residential demolition fees were added to the fee schedule as per Ordinance Number 672 adopted November 4, 2013.

Councilmember Roberts moved to adopt Ordinance 678, adopting the 2014 Budget, the 2014 Fee Schedule, the 2014 Salary Schedule, and the 2014-2019 Capital Improvement Plan. Councilmember McConnell seconded the motion.

Councilmembers commended the staff for preparing and managing the budgets well. They have very conservative budget policies that have resulted in year-over-year savings that have granted them opportunities to make improvements.

It was pointed out that the actual contract for the state lobbyist could be greater than what is currently identified in the budget. Questions were raised about whether or not budget adjustments would be necessary. Mr. Hartwig said he does not believe budget adjustments are necessary since there is money in contingency that could be used, or it could be handled as part of one of the supplemental appropriation ordinances that are presented to Council in April and at year end.

Councilmember Roberts moved to amend the proposed 2014 Budget by applying the 2014 COLA to the hourly rates for extra-help employee positions. Funding shall come from a reduction in the existing budget contingency appropriation. Deputy Mayor Eggen seconded the motion.

It was noted that extra-help salaries have not been adjusted since 2007, except for changes to the minimum wage. The proposed amendment would apply budget policies evenly for both regular and extra-help employees. Ms. Tarry referred to a grid provided by staff to illustrate the current pay rates for extra-help employees and said the majority is paid at a rate greater than the State's minimum wage rate.

A Councilmember asked staff to explain how the proposed amendment would impact the budget. Ms. Tarry said staff estimates the impact would be about \$9,500, including impacts to benefits. She recommended the Council support the amendment, as proposed.

A question was raised about whether the proposed COLA adjustment would apply just to 2014, or if it would apply in subsequent years, as well. Ms. Tarry answered that the amendment, as stated, would be a one-year appropriation. The Council is scheduled to have a more in-depth discussion about policies for extra-help employees in the first half of 2014 in order to inform the 2015 budget.

The motion to amend the extra-help budget to apply a 1.26% COLA was unanimously approved.

Councilmember Hall moved the Council amend the budget so that prior to initiating a recruitment to replace the Human Resources Director, and prior to the expenditure of any budgeted dollars in excess of those required to fund the salary and benefits of the current

incumbent, the City Manager will provide a classification recommendation to the City Council for approval. Councilmember Roberts seconded the motion.

It was noted that the difference in pay rates between the Human Resources Director and other managers is significant, and reclassifying the position could result in savings that is adequate to fund the previously approved increase in wages for extra-help employees. Councilmembers discussed the importance of involving the new City Manager in the decision making process.

Questions were raised about whether the proposed amendment would hinder staff's ability to fill the position. Ms. Tarry advised that staff would present a recommendation for Council approval of the job classification and salary range before recruitment would commence for the position.

The Council unanimously approved the motion to amend the budget to direct the City Manager to provide a classification recommendation to Council prior to initiating a replacement for the Human Resources position.

Councilmember Hall moved that prior to filling the Engineering Technician and Engineering II positions listed in the 2014 proposed Budget, the City Manager must present to Council, and Council must approve, the 10-year Financial Sustainability Plan. The motion died for lack of second.

Councilmember Hall moved that the Council amend the proposed 2014 Budget to allocate \$25,000 for the acquisition of equipment to monitor traffic patterns. Councilmember Winstead seconded the motion.

In answer to questions raised by the Council at their last meeting, it was explained that technology exists at a fairly low cost to do a far more sophisticated analysis of how the residents use City roads to get to where they live, work, play, etc. Additional information provided by staff also addressed concerns about privacy. It was suggested that anything the City can do to monitor traffic problems and issues throughout the City will help serve citizens and prioritize investments better. A Councilmember requested and received assurance from staff that there is at least one project in the future that would benefit from the proposed new technology. Mr. Relph briefly explained some of the benefits the new technology would provide.

The motion to amend the proposed 2014 Budget to allocate \$25,000 for the acquisition of equipment to monitor traffic patterns was approved 6-1, with Councilmember Salomon voting in opposition.

Councilmember Hall moved to amend the proposed 2014 Budget to appropriate an additional \$500,000 for additional BST road surface treatment. Funding shall come from the use of General Fund uncommitted fund balances and appropriate interfund transfers. Councilmember Salomon seconded the motion.

Councilmembers recalled earlier discussions about the need for additional funding to maintain the roads in good condition, and staff indicated support of the proposed amendment. As noted previously by the Public Works Director, it is less expensive and more efficient to maintain the

roads routinely rather than letting them fall into decay when it is more expensive to rebuild them. It was emphasized that this amendment would be a one-time expenditure, funded by excess reserves.

Without disputing that road maintenance is important, some Councilmembers expressed concern about the proposed amendment's lack of context within the scope of the Capital Improvement Plan, which identifies other needs throughout the City. For example, the Council previously expressed enthusiasm for putting a significant amount of money into grant matching programs, particularly for improvements associated with the anticipated 145th Street light rail station.

In support of the proposed amendment, Councilmembers referred to staff's recommendation that roadways are the City's most valuable infrastructure, and maintaining them should be one of its highest priorities. In addition, road maintenance was identified in the Citizen's Survey as the number one priority for the City to address. Approval of the amendment would allow the City to cover 7% of the City streets, which is still behind the goal of 10%.

The Council requested the opportunity to consider an appropriations adjustment in early 2014 that would increase the funding available for grant matches.

The motion to amend the proposed 2014 budget to appropriate an additional \$500,000 to the BST road surface treatment fund was unanimously approved.

The main motion to approve Ordinance 678, adopting the 2014 Budget, the 2014 Fee Schedule, the 2014 Salary Schedule, and the 2014-2019 Capital Improvement Plan was unanimously approved as amended.

(c) Adoption of Ordinance Number 679 – Establishing the City's 2014 Regular and Bond Property Tax Levies

Mr. Hartwig reviewed the Staff Report, recommending approval of the 2014 property tax levy of \$10,349,308, which is based on the same levy rate as the previous year. The bond levy would be \$1,710,000 to pay debt service on the 2006 Parks and Open Space Bonds.

Councilmember Hall moved that the Council approve Ordinance Number 679, establishing the City's 2014 Regular and Bond Property Tax Levies. Councilmember Roberts seconded the motion.

It was explained that Ordinance Number 679 would set the property tax levels that are required to fund the budget that was just adopted by the City Council. It was noted that because of state limitations, the tax rate is lower than what the voters authorized in 2010 when the property tax levy lid lift was approved as per Proposition 1.

The motion was unanimously approved.

The Council took a recess from 8:58 to 9:03 p.m.

10. STUDY ITEMS

(a) Utility Work Plan Update – Ronald Waste Water and Seattle Public Utilities

Mr. Relph explained that, consistent with goals and policies in the City's Vision 2029 and Comprehensive Plan, the City is working to incorporate more utility operations into its organization. He recalled that in November 2012, the voters of Shoreline approved a ballot measure for the City to proceed with the purchase of the Seattle Public Utility (SPU) water system in Shoreline and to form the City's water utility. Since that time, staff has been negotiating a Purchase and Sale Agreement with Seattle, and it is anticipated that both Council's will act on the agreement by mid 2014. In addition, the City has a 2002 Operating Agreement with the Ronald Wastewater District (RWD), which calls for the City's assumption of the district by October of 2017.

Mr. Relph reviewed the proposed 2014-2015 work plan for creating the required Water Comprehensive Plan (WCP) that will enable the City to move forward with the transition as per the timelines identified in the agreements with the City of Seattle and RWD. He noted that the 2014 Budget, just approved by the Council, identifies \$100,000 for this project to begin during the first quarter of 2014. The 2014 Budget also includes \$50,000 for a Utility Unification and Efficiency Study (UUES) that will quantify the efficiencies for both the rate payers and taxpayers.

The Council asked staff to respond to the earlier public comment about whether or not the Shoreline Water District should be included in the UUES. In addition, concern was raised that the study would not include residents of Lake Forest Park who are currently served by the Shoreline Water District. It was noted that separating the systems could be costly. Mr. Relph said one assumption used for the study is that residents of Lake Forest Park would be serviced by another provider, but that would not necessarily require the system to be separated. He agreed that the study could add more discussion about the opportunities that might exist and how customers both within and outside of Shoreline would be impacted. The Council encouraged staff to work with the Shoreline Water District staff to identify opportunities and discuss future service needs.

At the request of the Council, Mr. Relph clarified that the first meeting between the Council and RWD Commissioners would likely take place in March or April. It was suggested that because RWD staff is not large, some efficiencies could be gained sooner rather than later.

A Councilmember cautioned that managing the SPU system, once acquired, would be a challenge. Concern was expressed that the City should consider a variety of options, including subcontracting the operation in the early years rather than trying to develop a new capability. Mr. Relph explained that the UUES is intended to work off the concepts identified by the due diligence work that was done in 2012. In addition, the Council will need to make policy decisions as part of the WCP process, including issues such as governance and methods for delivering the service.

A Councilmember inquired if a scoping process would take place to decide exactly what should be in the UUES and if the scoping process would include opportunities for citizen input and

representatives of special purpose districts. Ms. Tarry answered that the public process for the UUES has not been identified yet. She emphasized that public input would be solicited prior to adopting a final set of recommendations.

11. ADJOURNMENT

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