

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, June 16, 2014
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

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

ABSENT: Councilmembers McGlashan and Hall

1. CALL TO ORDER

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

2. FLAG SALUTE/ROLL CALL

Mayor Winstead led the flag salute and the City Clerk called the roll.

Upon motion by Councilmember McConnell, seconded by Councilmember Roberts and carried 5-0, Councilmember McGlashan was excused from the meeting for personal reasons and Councilmember Hall was excused from the meeting to conduct city business.

Mayor Winstead read a proclamation declaring June 20, 2014 as World Refugee Day in the City of Shoreline. Tsehaynesh Alemayoh, an East African (Eritrean) refugee and longtime resident of Shoreline accepted the proclamation.

3. REPORT OF THE CITY MANAGER

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

4. COUNCIL REPORTS

Deputy Mayor Eggen reported attending the Municipal Solid Waste Advisory Committee meeting and stated that the Sustainable Solid Waste Management Plan was discussed.

Councilmember Roberts reported attending the Sound Cities Association Public Issues Committee meeting and stated the Board recommended adoption of Greenhouse Gas Targets and Metro reduction policies.

Mayor Winstead reported attending the NE 145th Street Station Citizens Committee Light Rail Design Kick-off meeting.

5. PUBLIC COMMENT

Dale Lydin, Echo Lake Neighborhood Association, stated support for the Echo Lake Park Improvement Project scheduled for adoption on tonight's Consent Calendar. He thanked Council, the Parks, Recreation and Cultural Services (PRCS) Board and City staff for their hard work and support for parks. He announced the annual Echo Lake Neighbor Picnic on July 15, 2014 at Shoreline Park.

Ginny Scantlebury, Shoreline resident, wonders why the City did not celebrate Flag Day on June 14, 2014. She commented that it is an important event that needs to be celebrated and asked the City to have a flag out next year.

Tom McCormick, Shoreline resident, commented on reviewing thousands of documents on the Point Wells Development. He stated reading emails from residents in opposition of the project and in support of downsizing the project, and read excerpts from several emails. He commented that more needs to be done to limit the scale of the development.

6. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Roberts, seconded by Deputy Mayor Eggen and carried 5-0, the following Consent Calendar items were approved:

- (a) Motion to Authorize the City Manager to Execute a Contract with L.W. Sundstrom for Construction of Echo Lake Park Phase I

8. ACTION ITEMS

- (a) Adoption of 10 Year Financial Sustainability Plan

Robert Hartwig, Administrative Services Department Director, presented the staff report for the 10 Year Financial Sustainability Plan. He reviewed the development and the public process component of the Plan. He listed the following sustainability targets recommended by the subcommittee:

1. Achieve the development of an additional 160 units of multi-family residential housing and 7,500 square feet of retail redevelopment annually, beginning in 2014.
2. Reduce the expenditure growth rate to 0.2% below the average projected ten year growth rate and attempt to maintain existing service levels, beginning in 2015. Continue to seek out efficiencies and cost-saving strategies.
3. During 2014, research ways to increase investment returns by 100 basis points (1%) per year, and implement strategies to accomplish this.

4. During 2015, perform a study that will evaluate higher cost recovery percentages for an appropriate combination of fee based programs. The results will be reviewed, with target implementation beginning with the 2016 budget.
5. In 2014, begin to identify ways to replace the \$290,000 transfer from the General Fund to the Roads Capital Fund with another dedicated source of funding.
6. In 2016 or later, engage the business community in a discussion regarding the possible future implementation of a Business and Occupation (B&O) Tax.
7. Monitor the City's progress in relation to the Financial Sustainability Model. In 2016 or later, engage Shoreline residents in a discussion regarding the possibility of renewing the property tax levy lid lift.

Mr. Hartwig shared how the Plan will be sent to trade publications for publishing and concluded the report by thanking staff and Council.

Councilmembers expressed their gratitude to staff for all the hard work developing and completing the Plan.

Deputy Mayor Eggen moved acceptance of the 10 Year Financial Sustainability Plan. The motion was seconded by Councilmember McConnell.

Deputy Mayor Eggen stated the Plan provides a good starting point and serves as a road map on how the City will proceed over the next ten years. He commented on the importance of keeping the Plan up-to-date. Councilmember Salomon explained that this project came about due to an initiative prohibiting cities from raising property taxes over 1% per year, which is generally less than the rate of inflation, and shared that this reduction would be unsustainable over a long period of time. He commented that he does not believe the 10 Year Financial Sustainability Plan is sufficient to cover budget deficits, and recommends continued planning to support economic growth, continued reductions in spending, and a Business and Occupancy Tax analysis.

Councilmember Roberts asked about the Plan's ability to weather a recession, and if the Subcommittee explored how other tools would be utilized if one tool did not meet targets. He asked for the percentages of Shoreline revenues received from businesses and from residential property owners.

Mr. Hartwig responded that the seven tools will help the City see an economic downturn sooner and allow the City to respond quicker. He explained that the model allows an item to be turned on or off and adjusted to history. He shared that the base model will be compared to actual numbers during the budget process that will show the City's financial position.

Councilmember Roberts moved an amendment to the language in the sixth sustainability target to read "In 2016 or later, engage the business community in a discussion regarding the possible future implementation of a Business and Occupation (B&O) Tax, to include a threshold exemption on a certain amount of gross receipts." The motion was seconded by Councilmember Salomon.

Councilmember Roberts stated his amendment will provide additional comfort to people starting new businesses. Councilmember McConnell asked for staff feedback regarding the amendment, and Ms. Tarry shared staff's support for the amendment.

Mayor Winstead, Deputy Mayor Eggen, and Councilmember Salomon offered their support for the amendment. Deputy Mayor Eggen shared that the Subcommittee talked about exempting certain amounts on gross receipts. Councilmember Salomon shared that the Subcommittee did discuss the advantage/disadvantage of taxing groups differently, and assisting a small business starting up. Mayor Winstead commented on the Subcommittee's discussion regarding the B&O tax, and stated it is important to have the specific language regarding a threshold exemption included in the motion.

The motion passed 5-0.

Mayor Winstead reiterated her appreciation to staff for all the hard work that went into developing the Plan and to Councilmember Hall for his encouragement in developing the Plan. She stated that the Plan will assist the City in being financially sustainable.

The main motion to accept the 10 Year Financial Sustainability Plan as amended passed 5-0.

9. STUDY ITEMS

(a) Discussion and Update of the Capital Improvement Project (CIP)

Mark Relph, Public Works Director, and Tricia Junke, City Engineer, presented the Capital Improvement Plan Update report. Ms. Junke outlined the objectives of the presentation and asked for Council's input and direction for development of 2015-2020 CIP. She reviewed the CIP schedule and development process, and explained that the CIP includes a fund summary of the General, Road, Surface Water, and Facilities Major Maintenance Funds.

She reviewed the following General Capital Fund projects: Parks Repair and Replacement for 2014-2016 which include the Echo Lake Restroom, Sunset School repairs, Northcrest Park play equipment, Hillwood Park parking lot, Shoreline park restroom, Ronald Bog parking lot and Shoreview Park play equipment; the Police Station; the Maintenance Facility; and the Pool Master Plan. She commented on funding for those projects and asked for Council's direction on proceeding with the current plan.

Councilmembers inquired about the Pool Master Plan, asked how it fits in with the Parks, Recreation and Open Space (PROS) Plan and wanted to know how adding in the Pool Master Plan effects funding for other park improvement projects. They inquired if there is technology that can reduce the cost of heating the pool and asked for data on energy savings. They also asked about the scope of the work being completed at Echo Lake Park.

Dick Deal, Parks, Recreation and Cultural Services Director, responded that a pool assessment was just completed and stated that a specific date for pool replacement is not identified in the

PROS Plan. Mr. Deal explained the addition of the Pool Master Plan to the CIP and that its impact on other projects would be dependent upon funding options and if it could be funded as a joint agreement. He talked about efficiency of new pools and noted the public will be asked for input on the design and location of the pool. He then reviewed the improvements to Echo Lake Park.

Councilmembers asked about the status of the Police Station and seizure funds and asked if they can fund the police station. Ms. Tarry responded that the City is working on acquiring the Grease Monkey property and that negotiations are ongoing. She anticipates the design work beginning this year, construction starting in 2015, and relocation of the Police Department to City Hall by 2016. She explained that Shoreline received a portion of the funds from participation in a task force for national and international seizures from criminal activity. \$1.7 million is currently in the bank and staff is trying to anticipate what the City might receive over the next few years.

Ms. Junke presented the Roads Capital Fund, reviewed fund balances, explained the relationship to the Transportation Improvement Plan, and commented on Transportation Benefit District funds that are available to transfer to the Roads Capital Fund. She explained funding supports system preservation projects (annual road surface maintenance, curb ramp, gutter and sidewalk maintenance, traffic signal rehabilitation, hidden lake bridge study), and Aurora Avenue N (192nd to 205th). Ms. Junke presented projects submitted for grants, reviewed city match amounts and potential funding sources, and discussed grant opportunities. Mr. Relph shared that the City is in a good position for receiving grant funding.

Councilmembers asked for clarification on grants that the City has been awarded. They asked questions about the sidewalk projects, design costs, and recommended identifying corridors that will be successful in the grant process. They asked about the City's match ratio for Aurora, and urged for prioritization of the Hidden Lake Bridge repair. It was requested that staff come back to Council with requests for grant match program funding. Ms. Junke explained that the Puget Sound Regional Council is recommending the projects she identified for funding. Deputy Mayor Eggen offered information on how the PSRC grant process works. Ms. Junke responded that the match for Aurora was approximately 10%, and clarified that the \$4 million for 145th and 175th is for the design cost only, and does not include any construction costs.

Ms. Junke recounted the Undergrounding code and stated that it is within Council's authority to designate capital projects for undergrounding. She stated that the plan for the Roads Capital fund is to continue with a preservation strategy, fund repairs on Hidden Lake/10th NW Bridge, continue with the grant funding approach to sidewalks, and identify funding for the grant match program.

Ms. Junke presented the Surface Water Utility Fund and stated it has both operating and capital expenditures. She talked about rate increases, listed the McAleer Basin Plan and Ballinger Creek Drainage Study, and the Hidden Lake Maintenance Study as current projects, and commented on funding for the pipe replacement program.

Deputy Mayor Eggen questioned if the City is working with the Cities of Mountlake Terrace, Lake Forest Park, and Edmonds on the McAleer Creek Basin. Mr. Relph responded about

collaborating with Lake Forest Park and stated the intent is to share information. He stated that he will check with Brian Landau, Surface Water and Environmental Services Manager, about collaborative efforts and report back to Council.

Ms. Junke presented the Facilities Major Maintenance Fund and stated it is funded through general fund contributions. She identified city facilities maintained by this fund and stated staff recommends adding City Hall to the list. Councilmembers expressed support for adding City Hall to the list but questioned the cost. They commented on sharing the cost of the Maintenance Facility with neighboring jurisdictions, and asked how the addition of the Police Station at City Hall will impact maintenance projects and funding. Ms Tarry responded that a discussion regarding the asset management program will be coming before Council and will assist in identifying long term maintenance needs and costs.

Ms. Junke stated next steps will be drafting the 2015-2020 CIP to present at the August 11, 2014 Council Meeting.

10. ADJOURNMENT

Mayor Winstead adjourned the meeting at 8:52 p.m.

Jessica Simulcik Smith, City Clerk