

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

Monday, July 20, 2015  
7:00 p.m.

Council Chambers - Shoreline City Hall  
17500 Midvale Avenue North

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

**ABSENT:** None

**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. Upon roll call by the Deputy City Clerk, all Councilmembers were present.

**3. REPORT OF CITY MANAGER**

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

**4. COUNCIL REPORTS**

Mayor Winstead reported that the City Council and members of the Shoreline Veterans Association, family, and friends, participated in the groundbreaking ceremony for the Shoreline Veterans Recognition Plaza being built on the City Hall campus. She thanked Deputy Mayor Eggen for participating in the ceremony as a veteran dressed in uniform.

Councilmember Salomon commented on a stormwater study showing that juvenile salmon have a 100% survival rate when stormwater is filtered correctly, and a 100% mortality rate when stormwater is not filtered. He talked about the importance of having facilities that correctly filter stormwater and said he will be pushing for them.

**5. PUBLIC COMMENT**

Alvin Rutledge, Shoreline resident, commented on attending the Veterans Memorial Groundbreaking Ceremony and the great work being done by the City to recognize veterans. He talked about the passage of Senate Bills 2266 and 2065, and pointed out Representatives Marilyn Chase and Cindy Ryu opposed the bills.

Elaine Phelps, Shoreline resident, commented on the excessive length of the staff report for Agenda Item 8.a. She talked about the Landscape Conservation and Local Infrastructure Program financial impacts to residents and recommended that every resident in the City of Shoreline be informed about the Program prior to Council action.

Wendy DiPeso, Shoreline resident, commented on two competing projects on Aurora Avenue resulting in road closures and the inability to access neighborhoods. She stated it was poor planning and that the project does not support small businesses. She commented on limited access points, financial loss, and the overall negative affect the project is having on businesses.

Ginny Scantlebury, Shoreline resident, commented on a Seattle Times article entitled “Save the Bungalows and Create Affordable Housing”. She shared that the City of Portland is providing incentives for building assessorly dwelling units and encouraged Shoreline residents to put in affordable housing rental units. She stated it will help meet the City’s multi-family upzoning goal.

Ms. Tarry provided an update on the Aurora Corridor Project. She shared that the west side of the street is completed and the project is ahead of schedule. She acknowledged the impact the project is having on businesses and pointed out that the first mile of the project has resulted in safety improvements and a 60% reduction in accidents. She expressed gratitude to the businesses for their patience, perseverance, and understanding.

6. APPROVAL OF THE AGENDA

**The agenda was approved by unanimous consent.**

7. CONSENT CALENDAR

**Upon motion by Councilmember Hall, seconded by Councilmember Roberts and unanimously carried, the following Consent Calendar items were approved:**

**(a) Minutes of Business Meeting of June 1, 2015**

8. STUDY ITEMS

**(a) Discussion of the Landscape Conservation and Local Infrastructure Program (LCIP) Feasibility and Findings**

Steve Szafran, Senior Planner, explained that tonight’s presentation will provide background on the LCLIP Feasibility Study, present its findings, and address Council questions. He explained LCLIP is being evaluated based on Comprehensive Plan Land Use Policy 58, and recalled the City received a grant from the Department of Commerce to conduct the study. He then invited Erik Rundell, ECONorthwest; Darren Greve, King County Transfer of Development Rights (TDR) Manager; and Nick Bratton, Forterra Policy Director, to the table to provide the presentation.

Mr. Greve explained that King County is looking to partner with cities to help manage regional growth and protect farm and forest lands. He stated that the cities of Bellevue, Issaquah, Normandy Park, Sammamish, and Seattle have partnered with them in this effort. He said King County's strategy is to link TDR with a new revenue stream for partner cities to fund infrastructure to support growth. He said monies are provided from King's County General Revenue Fund.

Mr. Bratton provided a brief overview of how TDR works. He explained they are used to create market based incentives to allow growth to occur where it is desired, while protecting farms and forest lands. He then identified TDR Sending and Receiving Areas. He presented LCLIP and explained how it works. He said it combines TDR and tax increment financing to finance public improvements, and that the impact to individual homeowners and taxpayers is zero. He provided an overview of the LCLIP process, explained how the City would use the Program, and provided timelines and milestones expectations. He shared that the level of growth and the TDR commitment are the two main factors that drive the amount of revenue that a city can generate. He said the Program is scalable and the City can choose 20%-100% of allocated credits. He noted only the City of Seattle is currently using LCLIP.

Mr. Rundell presented the Feasibility Study findings. He stated that LCLIP is feasible in Shoreline and that the Program would generate revenue to help fund infrastructure. He said challenges include finding the right mechanisms for TDR credit placement and time of the program implementation and development. He presented three scenarios that can be used for TDR: 185<sup>th</sup> Light Rail Station Area; all Study Areas; and High Growth Areas. He provided the following recommendations regarding the use of the LCLIP Program:

- Accept all 231 credits
- Expand study areas to reach 25% of Assessed Value limit
- Extend Multifamily Tax Exemption Program (MFTE) TDR option to entire study area
- Consider incentive zoning/MFTE in 145th Light Rail Station Area
- Pursue Development Agreements for Aurora Square
- Work with County on ILA for milestones/price guarantees
- Prepare policy and code groundwork for adoption of LCLIP
- Time start of program with major development

Mr. Rundell stated if Council moves forward with the program, the next steps would be to direct staff to create a proposal for the TDR program, develop an ordinance, work with King County on an Interlocal Agreement, and pass the ordinance.

Councilmembers asked how many cities in Washington participate in the TDR Program. They expressed concern about financing infrastructure improvements based on projected income. Mr. Greve explained that five cities have TDR interlocal agreements and that the City of Seattle has an LCLIP. Mr. Bratton explained that the City can choose the pay as you go method and collect money from the County as growth occurs, or the City can finance improvements through a bond and service the debt over time with the revenue collected from the County.

Councilmembers asked how the 8-year property tax exemption and the TDR program work together, and about the interaction between TDR and affordable housing and green building initiatives. Mr. Rundell responded that developers can choose to opt in the program if they decide to purchase TDR credits, and that other places in the City can be set up to receive the 8-year exemption to meet targets. He said the 8-year multifamily tax exemption is not a traditional incentive and the developer may choose other incentive options.

Councilmembers asked about other opportunities to fund infrastructure improvements and the advantages or disadvantages of using LCLIP versus other programs. They asked about the origin of the revenue King County is forgoing to provide to cities and what are the risks to cities. Mr. Bratton commented that there are state and federal grant opportunities to fund infrastructure but they are very complex, competitive, unpredictable, and incompatible with LCLIP. He suggested using LCLIP as a tool to supplement existing funding efforts and to leverage others. Mr. Greve explained that the levy rate will remain the same and the increment based on new construction (18% of the property tax pie), given to King County, would be provided to the City. He stated the risks are relatively low compared to other funding mechanisms and that Shoreline has one of the lowest barriers to enter the program. He said placing 231 credits over 20 years is not risky based on Shoreline's historical and anticipated growth rates. Mr. Bratton added if the City cannot meet the milestones, there is no obligation to repay the money but the revenue will stop.

Councilmembers asked about incentives for developers to participate in LCLIP based on the City's current development agreements. They questioned if LCLIP is the right funding mechanism for Shoreline and asked why the 185<sup>th</sup> Street Light Rail Station Subarea was expanded to include the Aurora Corridor. Mr. Rundell responded that developers would have an 8-year property tax exemption and would not be responsible for building the 300 units of the affordable housing component required in the 185<sup>th</sup> Street Light Rail Station Subarea. He stated that the expansion of the Subarea to include the Aurora Corridor provided an opportunity to connect Aurora Square to Town Center.

Councilmembers discussed credit purchases and bonuses for meeting milestones early. They asked about the cost to the City, growth target projections, the interface between the 8-year and 12-year PTE programs, and using an 8-year tax exemption program. Mr. Bratton responded that if all credits are not initially taken, additional credits can be added, and that the most advantageous option to the City is to purchase all the credits. Mr. Rundell explained that Puget Sound Regional Council projections were used in the 185<sup>th</sup> Street Light Rail Station Subarea and a hybrid of the projections was used in other areas. Mr. Szafran added that Council would have to authorize an 8-year market rate program to allow a developer to take advantage of a TDR Program.

Councilmembers asked if LCLIP can be implemented around mass transit in the Subareas without expanding the Subareas. Mr. Bratton explained that the geographical assumptions made exclude the 185<sup>th</sup> Street Light Rail Subarea and does not impact or change recent Council decisions. A majority of Councilmembers favored further discussion to explore benefits offered by the Program, along with other funding opportunities.

Councilmember Roberts requested a chart of taxes a hypothetical property would pay over 25 years and who the taxes would be paid to with the PTE involved.

Ms. Tarry confirmed that a majority of Councilmembers would like to pursue further discussion of the Program and shared that the timing for implementation will take place in 2016 – 2018.

9. EXECUTIVE SESSION

At 8:36 p.m., Mayor Winstead announced a five minute recess, to be followed by Council convening into Executive Session for a period of 30 minutes as authorized by RCW 42.30.110(1)(i) to discuss with legal counsel matters relating to agency enforcement actions, or litigation. City staff attending the Executive Session included: Debbie Tarry, City Manager; John Norris, Assistant City Manager; Margaret King, City Attorney; and Julie Ainsworth-Taylor, Assistant City Attorney. At 9:13 p.m., the Executive Session was over and no final action was taken.

10. ADJOURNMENT

At 9:13 p.m., Mayor Winstead declared the meeting adjourned.

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Bonita Roznos, Deputy City Clerk