

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, November 9, 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 City Clerk, all Councilmembers were present.

(a) Proclamation of Veterans Day

Mayor Winstead read a proclamation declaring November 11, 2015 as Veterans Day. Phyliss Moll, widow of Frank Moll, a Veteran instrumental in establishing the Shoreline Veteran's Association and the Veteran's Recognition Plaza at City Hall, along with Bob Grasmick, Gerry Shogren, Ray Coffee and Russell Gready of the Shoreline Veterans Association, accepted the Proclamation. Mrs. Moll said she accepts the Proclamation on behalf of all the men and women that have served in the military. She invited everyone to say thank you to Veterans at the Veterans Day Program at City Hall on Wednesday, November 11, 2015 at 2 p.m.

3. REPORT OF CITY MANAGER

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

4. COUNCIL REPORTS

Councilmember Hall reported that the Puget Sound Partnership (PSP) Board released the 2015 State of the Sound Report that provided an assessment on cleaning up the Sound. He stated the Report reflects that some things are getting better and others are getting worse. He shared that land development pressures to convert natural resource lands for development are getting worse. He said copies of the Report are available in the Council Office and posted on PSP's website.

Councilmember Roberts reported that the Puget Sound Regional Council Growth Management Policy Board discussed transportation issues and population growth targets. He said they addressed what to do about cities that are exceeding their growth targets. He announced that applications for the Sound Cities Association Committees are due on Thursday, and shared that with the departure of Deputy Mayor Eggen, Shoreline will be lacking vital representation on several of the Committees.

Mayor Winstead reported that she and Councilmember McConnell attended the National League of Cities (NLC) 2015 Congress of Cities and Exposition in Nashville, Tennessee. She announced that Councilmember McConnell was appointed to the NLC Board of Directors representing the entire state of Washington.

Councilmember McConnell shared that she is President of the Asian Pacific American Municipal Officials Constituency Group and commented on the awards given out by various NLC minority groups. She commented on attending a NLC Human Development Meeting and drafting resolutions for 2015/2016 to end chronic homelessness and to ask for federal action to address income inequality. She commented that the Federal Fairness Act (which collects State online sales tax) and the preservation of tax exemption for municipal bonds can be huge resources for local government. She said she hopes transportation infrastructure funding will be renewed.

Deputy Mayor Eggen reported attending the SeaShore Transportation Forum Meeting and hearing a report on I-405 tolling. He stated the Report cites that overall traffic flow seems to have improved, but he explained that the full affects will not be known until after traffic patterns have been established, which takes six months to a year.

5. PUBLIC COMMENT

There was no one from the public wanting to address the Council.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

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

- (a) Minutes of Workshop Dinner Meeting of October 12, 2015 and Minutes of Special Meeting of October 19, 2015**
- (b) Approval of expenses and payroll as of October 23, 2015 in the amount of \$2,401,105.36**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
9/27/15-10/10/15	10/16/2015	63352-63556	14091-14113	61561-61566	\$467,893.16
					\$467,893.16

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
10/13/2015	61279	61279	(\$113.27)
10/13/2015	61439	61439	\$113.27
10/15/2015	61440	61460	\$96,052.69
10/15/2015	61461	61472	\$13,802.00
10/15/2015	61473	61492	\$22,021.06
10/15/2015	61493	61504	\$2,538.19
10/19/2015	61505	61505	\$1,824.72
10/20/2015	61506	61507	\$55,655.20
10/22/2015	61508	61517	\$1,586,222.19
10/22/2015	61518	61530	\$51,257.46
10/22/2015	61531	61542	\$55,191.61
10/22/2015	61543	61560	\$48,647.08
			\$1,933,212.20

(c) Authorize the City Manager to Execute the Commute Trip Reduction Interlocal agreement with King County

(d) Authorize the City Manager to Execute the 2015-2016 Seattle-King County Public Health Local Hazardous Waste Management Program Grant Contract EHS3703 Amendment 1 for \$26,378.43

8. ACTION ITEMS

(a) Public Hearing and Discussion on 2016 Property Tax and Revenue Sources

Sara Lane, Administrative Services Director, reviewed Operating Budget Resources. She shared that property tax represents \$10,860 Million of General Fund Operating Revenues and 30.6% of the Budget. She explained that the City receives a small portion of property tax revenue of .13 cents out of one dollar, (.11 cents for regular levy and .2 cents for the Park Bond Levy). She shared that sales tax is the next largest revenue source. She explained that for every \$10 spent in Shoreline, .95 cents is generated in sales tax, and Shoreline receives 8.5 cents. She said the sales tax projection for 2016 is \$7,747,700.

Ms. Lane reviewed Criminal Justice funding and shared that the two dedicated funding sources are an optional County sales tax of 0.1% and State criminal justice funding. She reviewed the Utility taxes on natural gas, telephone, garbage, cable TV, and storm drainage service. She

explained that water and sewer providers pay a fee of 6%; cable TV providers pay 5%; and that increases are anticipated. She shared that Seattle City Lights pays a 6% contract fee on electrical revenues and said it is projected to increase to 8.6%. She reviewed annual Card Room gross receipts and noted that those revenues are declining.

Ms. Lane reviewed Development Fees and shared that the number of permits continues to rise. She reviewed Recreation Fees and explained that a \$90,000 decrease in revenue is anticipated due to the extended closure of the pool. She stated that liquor excise tax represents 2.0% of General Fund Operating Revenues. She reviewed recent legislative changes impacting the 2015-2017 State Budget, and commented that local jurisdictions are seeing a return of shared revenue.

Ms. Lane said a small increase in Fuel tax is anticipated for 2016 and will generate \$1,175,565 in revenue for the City. She said the Real Estate Excise Tax projected for 2016 is \$2,076,292, and explained that these funds are primarily dedicated to public works projects and debt services for City Hall.

Ms. Lane presented the Surface Water Utility Fund and said a 4% increase in revenue is projected for 2016. She then reviewed the recommended fee changes for Development, Licensing and Public Records, Surface Water Utility, Solid Waste, Traffic Impacts, and Parks and Recreation.

Eric Friedli, Parks, Recreation and Cultural Services (PRCS) Director, provided background information on the implementation of a cost recovery model for PRCS programs. He explained that there are programs that benefit the Community and that fees and cost recovery for those programs should be lower, and subsidized by the Community. He explained that there are other programs that benefit the individual and that there should be lower public subsidies for these programs. He shared that staff and the PRCS Board, with public participation, analyzed how to allocate cost recovery for the various programs. He then presented the criteria used in the determination. He said recommendations are to increase fees for picnic shelter rentals and initiate fees to reserve tennis courts.

Councilmember McGlashan asked about the number of tennis courts that the fees would apply to. Mr. Friedli responded that there are two tennis courts at the pool, a couple at Shoreview Park, and said the City also maintains the School District's tennis courts at Meridian Park.

Deputy Mayor Eggen recalled public comment from a previous Council Meeting stating that Shoreline fees are significantly higher than other jurisdictions. He then asked if the City has a scholarship program. Mr. Friedli responded that the softball program specialized recreation fee will be reduced by 30% in the spring. He said the City has an active scholarship program, and shared that half the participants in the specialized programs are supported by the Department of Social and Health Services or by City scholarships. He explained that scholarships will be more flexible allowing for a full scholarship to apply at any time during the quarter, instead of a specific period.

Councilmember Salomon commented that the PRCS Study is a well thought out and a methodical approach for cost recovery allocation.

Councilmember Roberts clarified that the rates for special classes or camp swim lessons are set by staff at market rate. Mr. Friedli responded affirmatively and explained that since the rates and registration deadlines for the basketball program were already published that they will be reviewed in 2016.

Ms. Lane continued the presentation discussing Traffic Impact Fee increases. She said staff is recommending that the City use the Washington State Department of Transportation Construction Cost Indices' 3-year average to calculate transportation impact fees, and said it will result in an 11.1% fee increase for 2016.

At 7:43 p.m., Mayor Winstead opened the Public Hearing. There were no members from the public wishing to comment. At 7:44 p.m. the Public Hearing was closed.

Ms. Lane reviewed 2016 Personnel Costs and said they increased by 8.4%. She presented historical COLA adjustment data and noted that the 2016 increase is 1.45%. She explained that the Consumer Price Index for All Urban Consumers (CPI-U) and the Consumer Price Index for All Urban Wage and Clerical Workers (CPI-W) were evaluated. She explained that it makes sense to use CPI-U, which it is a good measure, and that over time there is not a significant difference. She then provided an overview of the 2015 Compensation and Classification Study and shared that the City was 3.7% below market. She explained that the salary scales have been adjusted to be at median for the 2016 Proposed Budget. She presented recommended personnel changes for 2016 are:

- 1.00 FTE Information Technology Project Manager (3-Year Term Limited)
- 1.00 FTE Administrative Assistant
- 1.00 FTE Technical Assistant
- 1.00 FTE Capital Projects Manager II
- 1.00 FTE Administrative Assistant II

Ms. Lane concluded the presentation by presenting the 2016 General Reserve Fund and shared that the General Reserve Ending Fund Balance is \$10,410,000.

Councilmember Roberts asked about the status of the replacement of Shoreline A & B fields and about the material to be used. Mr. Friedli responded that the CIP is scheduled to replace the Twin Ponds field in 2017, and that minor repair of Shoreline A & B Fields is scheduled in 2016 using the same material that is there now. He explained long-term replacement has not been designated, nor has it been determined what material will be used. He said they are aware of the health concerns over the use of rubber and shared that the best technology and safest materials will be used.

Councilmembers Roberts asked about staffing resources for the Tolling Study and the additional funding request for work to be performed beyond the Study. Mr. Witt, Public Works Director, shared that the Transportation Department will be adding work to their Work Plan. He explained that time needs to be allocated for the Transportation Planner to work with the consultant, and that the Planner will need to define the contract scope, hire a contractor, manage the work, and share the information with Council. He said he anticipates the actual work would take

approximately three months. He explained that the initial work would be on framing the conversation on how to move forward with tolling.

Councilmember McConnell asked if staff needs direction from Council regarding adding the Tolling Study as a budget line item. She said she wants it as a budget amendment since it will be related to the development agreement with BSRE. She said it will assist her in making a more informed decision.

Ms. Tarry reiterated that budget amendments are due by tomorrow, and said she has only heard about amendments for Human Services and the Tolling Study.

9. STUDY ITEMS

(a) Discussion of Ord. No. 727 - 2015 Budget Amendment

Sara Lane, Administrative Services Director, presented 2015 General Fund Budget Amendments, said requests total \$1,998,595, and are as follows:

- \$117,000: Administrative Services - Information Technology
- \$275,000: Contingency for Purchase of Molver Properties
- \$500,000: Transfer Out for Annual Roads Surface Maintenance
- \$631,000: Police-Special Support
- \$450,000: Criminal Justice – Jail Services
- \$0: Community Services – Neighborhoods: (Temporary 0.42 FTE)
- \$14,016: Community Services – Emergency Management Planning
- \$10,439: Public Works – Environmental Services

Ms. Lane presented that additional 2015 General Fund Budget Amendment requests are:

- Federal Criminal Forfeiture Fund: \$1,289,047 for Police Station at City Hall
- General Capital Fund: \$75,000
 - \$15,000: Pool & Recreation Facility Master Planning
 - \$10,000: Shoreline Veterans Recognition Plaza
 - \$50,000: Parks, Recreation and Open Space Plan Update
- City Facilities-Major Maintenance Fund: \$20,000 for City Hall Garage Maintenance
- Surface Water Utility Fund: \$10,900 for Surface Water Management

Councilmember Hall asked if the Molver property is closed, and if it closed for the amount that was authorized by Council. Ms. Lane replied yes.

Ms. Lane concluded the presentation with providing an overall summary of budget amendments, and said the 2016 Budget is scheduled for adoption on November 23, 2015.

At 8:04 p.m., Mayor Winstead convened a five minute recess, and at 8:11 p.m., she reconvened the meeting.

(b) Discussion of Marijuana Regulations and Policies

Alex Herzog, Management Analyst, provided background on Washington's medical and recreational marijuana systems. He explained that the 2015 Washington State Legislature passed comprehensive legislation amending existing laws and adding new provisions under Senate Bill (SB 5052) and House Bill (HB 2136). He pointed out that the most notable change is the revision and remediation of the unregulated Collective Garden market. He shared that SB 5052 significantly revamped the entire medical cannabis structure, placed it under the Liquor and Cannabis Board (LCB), reopened the licensing period for retail stores, repealed Collective Garden statuses, and established Cooperatives. He explained that HB 2136 adds Cooperatives to buffer zone requirements, allows local jurisdictions to modify buffer zones around certain facilities, and changes the tax structure to authorize a 37% excise tax. He anticipates that Shoreline will receive \$25,000 annually in excise tax revenue. He explained that the City also has the option to adopt an ordinance requiring local notice of an application to specified organizations located within 1,000 feet of the marijuana business. He then provided an update on the current state of cannabis affairs in Shoreline, reviewed policy decisions need to be made by the City, and requested Council direction.

Councilmember Salomon pointed out that the Department of Justice indicated that a well regulated legalized marijuana system alleviates some of their concerns regarding criminal activity and the protection of minors. He commented that it comes with a warning for jurisdictions to implement a well regulated system. He said it is incumbent upon Council to protect the residents of Shoreline. He suggested revisiting buffer zones, buffers between stores, and odor protection. He asked what has the City learned from the 1,000 foot buffer and if it should be continued. He agreed that Shoreline should provide reasonable access to retail stores but said he does not want a concentrated cannabis district. He explained that in an effort to keep retailers away from one another that he will support a 1,000 foot buffer between marijuana businesses and stated that he agrees the State should regulate the orders.

Councilmember Hall commented on the passage of SB 5052 and the requirement for both medical and recreation markets to meet standards. He recalled that reconciling medical and recreational marijuana markets was a top priority on the legislative agendas for the Association of Washington Cities and the Shoreline City Council. He expressed that he is comfortable with the State overseeing the regulations and shared that it is now a more mature system that should operate as designed by the Legislature.

Deputy Mayor Eggen commented that he generally agrees with Councilmember Hall, but said he is willing to talk about further proposals. He asked clarifying questions about the special retail license required to sell medical cannabis. He expressed concern that people who have a need for medical marijuana will be crowded out, and asked if Shoreline can assist in getting retail shops to offer medical grade cannabis. He also expressed concern over several shops opening up next to each other.

Councilmember McConnell agreed with Deputy Mayor Eggen, but said she does not understand the issue between the two types of businesses. She stated she would prefer to keep the 1,000 foot and said she is not keen on having additional merchants.

Councilmember Roberts commented that he is struggling with idea of Cooperatives and would like to have more information on Cooperatives versus individual growers. He asked if an individual can grow cannabis for themselves for medical purposes. He agrees that generally it should be regulated by State law. He said he wants to take a closer look at where facilities are allowed in Shoreline and asked why they are not allowed at Town Center and in the 185th Street Subarea. Mr. Herzog responded that only medical marijuana patients can grow marijuana in their homes and have access to it. He explained that the City has the option to ban both retailers and Cooperatives. Margaret King, City Attorney, said she believes registration is required to grow medical marijuana but said she would need to research it further.

Councilmember McGlashan asked clarifying questions regarding retail licensing and how many retailers can be endorsed to sell medical marijuana. He commented that if the 1,000 foot buffer remains in effect, it would leave very little area for additional marijuana businesses. He suggested that the Collective Gardens and School Perimeter Buffer Map be revisited. Mr. Herzog responded that there is no limit to the number of shops that can be endorsed.

Councilmember Hall commented that Town Center does not allow Collective Gardens, but if they come under SB 5052 regulations that they would be allowed in any retail zone. He requested additional information regarding regulations governing individuals that grow marijuana for their own medicinal purposes. He commented that while he prefers regulation by the State, that to avoid the risk of having marijuana businesses near each other, he stated the 1,000 foot buffer requirement should be kept.

Mayor Winstead commented that she is in agreement to let the State govern retailers, and said she wants to keep the buffer and revisit the Map.

Councilmember Roberts asked when the LCB is going to make the final decision to convert collective gardens to retail establishments. He asked if there is a fee for SB 5052 retail establishments in the 2016 Proposed Budget. He said that he will be making a 2016 Budget Amendment to add a marijuana retail license fee to match the Collective Garden license fee. Mr. Herzog responded that the new application window opened on October 12, 2015 and the LCB will take 60 days to process and review them. He shared that the City has contacted all Collective Garden operators and informed them of the new laws and requirements taking effect July 1, 2016. Ms. Simulcik Smith responded that retail establishments are required to hold a general business license.

10. ADJOURNMENT

At 9:00 p.m., Mayor Winstead declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk