

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, February 29, 2016
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

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

ABSENT: None

1. CALL TO ORDER

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

2. FLAG SALUTE/ROLL CALL

Mayor Roberts led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, announced that the City was experiencing internet problems which prevented the receipt and delivery of outside emails, including emails for Public Comment. She said those emails will be delivered to Councilmembers tomorrow. She then provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Deputy Mayor Winstead reported attending the Regional Law, Safety and Justice Committee Meeting and said a presentation was provided on juvenile justice tools focused on keeping kids out of the justice system.

Councilmember McGlashan reported attending the Sound Transit Board Meeting and said a ST3 Update on near term improvements prior to Light Rail was provided and shared that it is good that State Route 522 Improvements continue to be on the list.

Councilmember Scully reported attending the 145th Street Multimodal Corridor Study Open House, said it was very well attended. He shared that there is agreement that something needs to be done very soon to improve the road.

Mayor Roberts reported that he attended the 145th Street Multimodal Corridor Study Open House; provided a City Update at the Shoreline Rotary Breakfast; and served ice-cream at the Parkwood Elementary School Social.

5. PUBLIC COMMENT

Robin Lombard, representing 145th Street Station Citizens Committee, expressed that they are glad to see public safety as a Guiding Principal for the Light Rail Facility Design and offered additional public safety recommendations. She addressed multimodality issues, suggested a Shoreline drop off point for a neighborhood shuttle, and offered traffic congestion solutions. She commented on the Sustainability Principal, recognizing Thornton Creek's presence, and retaining trees by integrating them in the design. She said the Committee would also like to see train noise and light mitigations.

Liz Poitras, representing 145th Street Station Citizens Committee, spoke about the Neighborhood Character Principal, and asked that each tree that is removed be replaced with three new ones. She said they are recommending a profile parking garage, use of high quality green materials, and a unique Station with an environmental theme that has a park-like feel. She described the public amenities that should be at the Station and said transit oriented development should encourage bike and pedestrian traffic. She commented that public art would be nice but said it is not as important as safety and protecting neighborhood character. She recommended that art reflect the neighborhood, be integrated into the Station, and that the 145th Station have a distinctive design.

Brad Lancaster, Shoreline resident, reviewed his previous recommendations to Council to address homelessness in Shoreline. He said this week he is asking Council to modify Shoreline's Accessory Dwelling Unit statute and explained why. He urged the City to change the obligation to make family use only covenants that run with the land. He expressed that we should do what we can to end homelessness.

Tom Poitras, Shoreline resident, suggested developing a plan and setting goals now for the 145th Street Station area, and said it will provide a better opportunity to negotiate with Sound Transit for funding and station features. He commented that there must be enough density around the station to support businesses and said the area around the Station should be self-sufficient. He referenced the "Transited Oriented Development 10 Principles" on the Transit Oriented Development Institute's website regarding density and walkability.

Megan Kogut, Shoreline resident, thanked Council for Ordinance No. 717 and addressing impact fees. She commented that the proposed 50% Traffic Impact Fee Exemption Reduction could be arbitrary, not achieve desired results, and the fee is still a big number. She recommends a complete exemption that applies to all businesses.

Janet Way, Shoreline Preservation Society, said she reiterates all points made by the 145th Street Station Citizens Committee. She expressed concern about traffic congestion and said the objective is to make it better for people who live there. She said she applauds what the City is doing to try to find solutions. She recommended a design that will allow a safe ingress and egress for all users. She commented that something needs to be done to address the wetlands and suggested a design that incorporates natural drainage features. She said noise, light pollution, and parking in the neighborhood need to be addressed. She said Thornton Creek needs an upgraded

culvert, and shared that the Creek is more important than the art work, but any art work should honor the Creek.

Tom McCormick, Shoreline resident, commented that the Alon Group has accepted an offer to sell its interest in Point Wells, and said it increases the uncertainty of a development at Point Wells. He said Snohomish County will issue a Draft Environmental Impact Statement (DEIS) this summer, a Supplemental Draft later in the year, and the Final EIS in 2018. He said members of the public want an opportunity to comment on the EIS, and to have input on the Council's feedback (approved by Council vote) that will be provided to Snohomish County. He said he was glad to see the Point Wells DEIS on the Council Agenda Planner, and questioned why the Point Wells Municipal Agreement and the Transportation Corridor Study were removed.

Ms. Tarry confirmed that staff will bring back the DEIS for Council's input in summer, and explained that the other two items Mr. McCormick referenced were removed from the Agenda Planner because of the uncertainty of Snohomish County's schedule. She said she does not anticipate these items moving forward in 2016.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember Hall and seconded by Councilmember McConnell and unanimously carried, 7-0, the following Consent Calendar items were approved:

- a) **Minutes of Business Meeting of January 25, 2016, February 1, 2016 and Special Meeting of February 8, 2016**
- b) **Amending the Council Rules of Procedure**
- c) **Adoption of the Ronald Wastewater District Assumption Transition Plan**

8. ACTION ITEMS

- a) Discussion and Adoption of Guiding Principles for Light Rail Facility Design

Miranda Redinger, Senior Planner, recapped the January 27, 2016 Preparing for Sound Transit's (ST) Design Process Open House. She announced that designs for 185th and 145th Stations have been completed. She presented Sound Transit Design Outreach, Station Naming Process, track layouts, and the colors and materials to be used.

Ms. Redinger recalled that the Shoreline Guiding Principles for the Light Rail Facility Design are: Multi-modal; Neighborhood Character; Sustainability; Public Safety; Mobility; Public Amenities; Transit-Oriented Development; and Public Art. She reviewed the characteristic of each Principle and asked for Council's feedback. She said the next step in the process is for Council to adopt the Guiding Principles to include in a letter to Sound Transit.

Councilmember Hall expressed appreciation that Council's comments were incorporated into the Design Principals. He spoke about the 145th Station design and talked about challenges of bus ingress and egress. He recommended limiting the interaction of transit vehicles and pedestrians. His stated his preference is to have the staff and engineers make pedestrian and multimodal connections safer and more efficient. He encouraged Council to support the Guiding Principles as drafted.

Councilmember Salomon expressed appreciation that crime prevention through environmental design provisions and the preservation of significant trees are included in the Guiding Principles.

Councilmember McGlashan recommended having bus service on 5th Avenue NE and 145th Street, easy access to and from the Station, and a more direct bus route.

Councilmember Hall commented that there might be several solutions to address multimodality issues, including moving the Station closer to 145th, or having a raised platform. He said that the language is generalized and he believes the engineers can offer solutions.

Deputy Mayor Winstead commented that having consistent art in the Station is important and said it will help people know that they are in Shoreline.

Councilmember Scully cautioned against addressing specific bus turning movements. He said he supports the Guiding Principles with the exception of the bus turning movements and calling out dedicated crossing pedestrian routes.

Councilmember Hall moved to adopt the Guiding Principles for Light Rail Design as presented by staff including the two new principals of Streamlining transfer between transit modes and limiting the locations where vehicles, including buses, may cross dedicated pedestrian routes. The motion was seconded by Deputy Mayor Winstead.

Councilmember Scully moved to amend the motion by striking 1e "to minimize the frequency and locations of bus turning movements"; and in 4a by striking the word "cross" and inserting "interfere with". The motion was seconded by Councilmember McConnell.

Councilmember Hall commented that specific policy has been adopted to provide residents a single seat ride and to improve east to west transit connections. He explained that the incorporated language is important to guide the design of the Station to make sure that happens and to promote a quick flow of buses through the Station.

Mayor Roberts asked what stage the 145th Design is at and Ms. Redinger responded that it is in the preliminary engineering stage. Mayor Roberts expressed concern with east to west bus transit and the amount of time it will take. He believes the current design will cause more congestion and make it less desirable for people to take the bus to the 145th Station. He said a better design would be to keep buses and passenger vehicles separate. He shared that he opposes the amendment.

Councilmember McGlashan commented that the goal is to get the people to the Station.

Deputy Mayor Winstead commented that there is only a slight difference in the language purposed by Councilmembers Scully and Hall, and shared that she could support either. She said safety is a priority and expressed that she does not believe that the amendment is necessary.

The motion failed with Councilmembers McGlashan, Scully, and McConnell voting in favor, and Deputy Mayor Winstead, Mayor Roberts, and Councilmembers Hall and Salmon voting against.

Councilmember McGlashan moved to amend 2e to strike the word "use" and insert "connections to both stations". The motion was seconded by Deputy Mayor Winstead.

Councilmember McGlashan explained that it would be good to use a trail to connect the two Stations. Councilmember Hall provided alternative language of "including a potential trail connecting both stations" to the end of the sentence. **The substitute motion was adopted by unanimous consent.**

The vote to amend 2e to read "Consider making use of the areas under powerlines or trackways where feasible, including a potential trail connecting both stations" passed 7-0.

Councilmember Salomon commented that he hopes that there can still be discussion with Sound Transit as the design develops.

Councilmember McGlashan asked who would maintain Station amenities like restrooms. Ms. Tarry responded that Sound Transit expects jurisdictions to be responsible for restroom maintenance, but said anything is subject to negotiation.

Mayor Roberts asked if issues presented by the 145th Station Citizens Committee and the Shoreline Preservation Society will be included in the letter submitted to Sound Transit. He added that any resident or committee can send a letter to Sound Transit about the Station's design. He asked if Guiding Principles 1.B has strong enough language to communicate the need to incorporate a pedestrian-bike bridge from the west side of I-5 connecting directly to the Station. Ms. Redinger responded that the preferred concept shows the pedestrian-bike bridge is closer to 145th.

Councilmember McGlashan stated it is important to leave the language in about the bridge and said he is happy to hear that the Washington State Department of Transportation is discussing the 145th and I-5 Intersection.

Councilmember Hall expressed that pedestrian crossing of an Interstate at an on or off ramp is dangerous, and stressed that the pedestrian-bike bridge should be connected to the entrance of the Station.

The main motion as amended passed unanimously, 7-0.

9. STUDY ITEMS

- a) Discussion of Ord. No. 739 - Development Code Amendments

Rachael Markle, Planning & Community Development Director, explained that the proposed Development Code Amendments apply to the design of the light rail facilities & systems in Shoreline, and create a permitting and review process. She displayed a map identifying where the Light Rail Facility will be located and explained that the area is currently not zoned. She said Ordinance No. 739 will establish where light rail system/facilities are permitted uses, the process for permitting these uses, and update the specific chapters and subchapters of the Development Code. She reviewed the Quasi-Judicial process, applicable Development Regulations, and recommended edits made by Sound Transit. She shared that the Planning Commission recommends approval of these Amendments.

Councilmember Salomon questioned having a Hearing Examiner make final decisions on the criteria as presented in the Quasi-Judicial Review and Approval Authority Options. He shared his preference is to have these decision made at the Administrative Level by the Planning & Community Development Director. Ms. Markle responded that the Planning Commission preferred that the Quasi-Judicial decisions be made by a Hearing Examiner because they have expertise in processing Quasi-Judicial permits.

Councilmember Scully commented that a Special Use Permit allows deviations from the Development Code and should have a process that includes a public hearing, public participation, and a clear appeal process. Councilmember McGlashan agreed, and shared that the City used to hold Quasi-Judicial hearings and decided it was better to have a Hearing Examiner conduct the hearings and make the decisions.

Mayor Roberts commented that he is supportive of staff recommendations and requested that the Ordinance be brought back for Council approval.

b) Discussion of Ord. No. 717 - Transportation Impact Fee Amendment for Certain Businesses

Dan Eernisse, Economic Development Manager, reviewed working assumptions for the Transportation Impact Fee are: an exemption program should be considered; businesses contributed \$200,000 to TIF in 2015; and the City will replace the value of the exempted TIF.

Councilmember McGlashan clarified that the TIF contributions will change in different years and will not always be \$200,000. Mr. Eernisse agreed and shared that 2015 was a good year for collecting permit fees.

Councilmember Scully asked clarifying questions about replacing the value of the exempted TIF and asked if all business development can be excluded from TIF. Mr. Eernisse responded that project costs will remain the same and the City will have to replace those costs. Councilmember Hall explained that once money is collected for a TIF it has to be spent in 10 years and that those projects have to be completed. Julie Ainsworth-Taylor, Assistant City Attorney, advised that the statute states money not collected from the TIF that is part of the overall project costs must be replaced. She commented that Lynnwood collected \$600,000 in TIF for 2014.

Mr. Eernisse presented the following questions for Council to address: which businesses are eligible for an exemption; what percentage should be exempted; a limited program with sunset and/or cap; and how exempted TIF should be replaced.

Mr. Eernisse stated that staff recommends designating an eligible business by using the Institute of Transportation Engineers (ITE) Codes and reviewed ITE Rate Codes. He commented that applying the ITE Code with Vision 2029 Goals will help bring unique businesses to Shoreline. He reviewed the businesses that could be eligible for a TIF exemption.

Mayor Roberts asked how an ITE Code evaluates shared parking of a use going into a vacant building and a new business development going into the Light Rail Station Area. Mr. Eernisse responded that ITE has reduced the number of trips generated for those uses and explained that the new business would have to perform a traffic analysis of their use to determine factors that affect the number of trips. Ms. Ainsworth-Taylor added that the ITE Code is set up for a standalone business that generates a higher rate, and explained that the internal capture reduces the rates for a shopping mall or shopping center.

Mr. Eernisse displayed a map showing the TIF transportation improvement projects costing \$38 Million. He said staff recommends limiting TIF exemptions to only those ITE Codes likely to fulfill Vision 2029 goals, and then displayed the ITE Codes that would be eligible. He recalled Council's discussion about a TIF percentage exemption and explained staff does not recommend adjusting the 97% ratio used in the TIF Rate Study. He explained that Council could determine an exemption level anywhere from 1% to 100%. He said staff recommends a December 31, 2018 Sunset Clause, and a monetary cap of \$600,000. He suggested that the exempted TIF fund replacement strategies be addressed during Council's discussion of the 10-Year Financial Sustainability Plan. He said the discussion could include increased vehicle license fees and Business & Occupation (B&O) tax. He commented that Council also has the option to limit ITE Codes to those uses likely to fulfill Vision 2029 Goals.

Councilmember Hall asked staff to review TIF Program requirements, allowed exemptions, and to explain the difference between a tax and a fee. He clarified that each business pays a fee directly proportional to the impact they have on the transportation network. He asked what the City has estimated businesses will pay in TIF fees in a typical year, and pointed out that the City will be responsible for paying this money if an exemption is provided to all businesses. Ms. Ainsworth-Taylor responded that low income affordable housing and other development activities with a broad public purpose are the only two exemptions allowed by State Law. She said the Supreme Court has ruled that the TIF is not a tax. Mr. Eernisse replied that \$300,000 in TIF was collected in 2015, and the City currently anticipates \$200,000 will be collected in 2016.

Councilmember McGlashan shared that he still struggles with defining businesses that meet Vision 2029 Goals. Councilmember Scully agreed and said the City should be encouraging businesses and all barriers should be removed. He recommended exempting all businesses from the TIF and using Transportation Benefit District funds and a B&O tax for exemption replacement funding.

Councilmember Salomon commented that he can support an exemption for all businesses, but he prefers to stick with exempting businesses that meet the Vision 2029 goals, and have a hybrid that could include the number of employees, or revenue, and a single location.

Deputy Mayor Winstead commented that the ITE Code is a good way to provide exemptions and said defining Vision 2029 Goals is problematic. She said she liked the initial small list of eligible businesses, and now the bigger list because it includes movie theaters and hotels. She agreed that all businesses are beneficial and should be exempt from TIFs. She said she is interested in exploring the Sunset Clause. She advised Council to keep in mind that there is an impact to businesses coming to Shoreline.

Mayor Roberts commented that he wants to limit the exemption to certain businesses until there is more information on how the TIF will impact businesses. He asked what percent of Shoreline businesses are home-based and if they are required to pay TIF. Mr. Eernisse replied 85-90%, and said most of these businesses would not pay the TIF or a B&O tax, and that the TIF only applies to new businesses.

Councilmember McConnell said she cannot support any exemption before Council decides where replacement funds are coming from. Deputy Mayor Winstead agreed, but commented that the City has some idea on where funding will come from, and said she supports moving forward before funding is decided.

Councilmember Hall shared he is also concerned with the City funding the exempted portion. He commented that the TIF was created to pay for transportation improvements to manage congestion that comes with growth. He questioned if the City is shifting too much of the costs from new businesses on to new residential developments.

Councilmember Scully stated he supports an affordable housing exemption and he does not think a TIF for a new development will make a huge difference in the price of the housing units offered for sale outside of an affordable range. He said increasing property tax or vehicle license fees affects everyone and goes against the growth pays for growth concept.

Councilmember Roberts said he favors the smaller list of businesses with a 25%-50% exemption. He expressed concern about imposing a Sunset Clause and Cap because they provide uncertainty to business owners. He said his preference is not to have a Cap. Mr. Eernisse responded that the Cap can be adjusted.

Councilmember Salomon expressed that he also does not support having a Cap because it creates uncertainty. He questioned why a fast food restaurant would be exempted over other restaurants. Deputy Mayor Winstead said she is not interested in a Cap but likes a Sunset Clause. She explained sunseting could be used as a tool to promote new business development. She said she is also unsure about an exemption for fast food restaurants. Councilmember Hall agreed with Deputy Mayor Winstead regarding the Sunset Clause. He shared that the City's exemption fund replacement costs could be more than anticipated and a sunset clause would allow the City an opportunity to reevaluate the TIF. He mentioned that a requirement to have staff report back to Council could be incorporated into the Ordinance. He noted his preference is for a partial

exemption, but he does not want to create the impression that certain businesses are not contributing to improvements.

Councilmember Salomon commented that he supports a Sunset Clause and no Cap. Councilmember Scully agreed, with the provision that Council receive a mandatory report from staff. He said he does not like the Cap and trusts staff to watch the program closely.

Councilmember McConnell commented that she likes the Cap because it protects the City. She also agreed with having staff report back to Council.

Councilmember McGlashan reiterated that he is still not comfortable with defining businesses that meet Vision 2029 Goals so he would be more comfortable with a 50% exemption for all businesses than a 100% exemption for certain businesses. Deputy Mayor Winstead expressed that a 50% exemption is about right. Councilmembers Scully and Salomon expressed support for a 100% exemption for all businesses, and Councilmember McConnell and Councilmember Hall support a 50% exemption for all businesses.

Mr. Tarry commented that based on Council's discussion, staff will bring back a base Ordinance with a 50% TIF exemption for all businesses, includes a Sunset Clause and a requirement for staff to report to Council prior to Sunset, and no Cap.

Councilmember Salomon requested that an amendment be prepared for a 100% TIF exemption.

Councilmember McGlashan wanted confirmation that the Ordinance would not identify exemption replacement funding options. Ms. Tarry replied that is correct, and noted there was some discussion of an increased vehicle license fee and implementation of a B&O Tax as replacement funding options.

10. ADJOURNMENT

At 9:44 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk