

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, July 24, 2017
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, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember Salomon reported that due to the Legislature's failure to pass a budget, projects proposed by the Water Resource Inventory Areas (WRIA) 8 to protect salmon will suffer, and noted it has also negatively impacted stormwater projects in Shoreline.

Councilmember McConnell reported attending a SeaShore Transportation Forum Meeting and stated the Bylaws are currently under review. She said the Port of Seattle provided a presentation demonstrating the importance of Ports to the region and shared that she learned cruise ships provide \$2.7 million in revenue annually. She said a report on ride sharing solutions for North King County was also presented.

Mayor Roberts thanked the members of the Parks, Recreation, and Cultural Services Board for joining the City Council on a tour of the Shoreline Park System. He acknowledged the Boardmembers seated in the audience and thanked them for coming to the meeting.

5. PUBLIC COMMENT

Alan Charnley, Shoreline resident, thanked Council for installing bike lanes on 8th Avenue NW. He talked about pedestrian safety issues on 6th Avenue NW and 175th Street, and asked if a traffic speed bump could be installed at that intersection to make it safer.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

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

(a) Approving Minutes of Special Meeting of June 12, 2017 and Regular Meeting of June 12, 2017

(b) Approving Expenses and Payroll as of July 7, 2017 in the Amount of \$9,155,711.03

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
5/7/17-5/20/17	5/24/2017	72209-72433	14927-14952	66948-66955	\$714,370.12
5/21/17-6/3/17	6/9/2017	72434-72661	14953-14977	67093-67098	\$543,839.43
6/4/17-6/17/17	6/23/2017	72662-72889	14978-15006	67210-67217	\$718,768.89
					\$1,976,978.44

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
6/27/2017	1122	\$5,329.88
		\$5,329.88

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
6/1/2017	66911	66918	\$31,405.91
6/1/2017	66919	66926	\$11,817.58
6/1/2017	66927	66945	\$136,396.61
6/1/2017	59117	59117	(\$190.36)
6/1/2017	61962	61962	(\$96.00)
6/1/2017	66946	66947	\$286.36
6/8/2017	66956	66972	\$129,198.04
6/8/2017	66973	66979	\$9,192.34
6/8/2017	66980	67005	\$17,171.93
6/8/2017	67006	67009	\$369.09
6/14/2017	67010	67011	\$61,143.69
6/14/2017	67012	67012	\$2,730.27
6/15/2017	67013	67032	\$283,091.13
6/15/2017	67033	67051	\$422,814.08

6/15/2017	67052	67059	\$48,651.98
6/15/2017	67060	67085	\$206,043.92
6/15/2017	67086	67091	\$37,337.18
6/15/2017	63815	63815	(\$54.08)
6/15/2017	67092	67092	\$54.08
6/22/2017	67099	67111	\$55,948.93
6/22/2017	67112	67130	\$18,185.87
6/29/2017	67131	67146	\$213,351.78
6/29/2017	67147	67163	\$639,682.88
6/29/2017	67164	67178	\$4,419,134.62
6/29/2017	67179	67198	\$68,740.36
6/29/2017	67199	67209	\$4,802.07
7/6/2017	67218	67235	\$337,777.05
7/6/2017	67236	67256	\$483.00
7/6/2017	67257	67263	\$9,695.38
7/6/2017	67264	67271	\$8,237.02
			\$7,173,402.71

8. ACTION ITEMS

- (a) Discussing and Appointment of the Parks, Recreation and Cultural Services/Tree Board Youth Position

Eric Friedli, Parks, Recreation and Cultural Services (PRCS) Director, introduced Erik Ertsgaard, and said he was one of seven applicants that applied for the PRCS/Tree Board Youth position. He shared that Mayor Roberts and Deputy Mayor Winstead conducted interviews and have recommended Mr. Ertsgaard as the best candidate to fill the position.

Deputy Mayor Winstead moved to appoint Erik Ertsgaard as a youth member to the Shoreline Parks, Recreation, and Cultural Services/Tree Board effective September 1, 2017 through June 30, 2018, with the option to renew three additional one-year terms for a maximum of four years of service. The motion was seconded by Councilmember McConnell.

Deputy Mayor Winstead said the City Council Subcommittee interviewed a number of qualified youth and were very impressed with Mr. Ertsgaard's background.

The motion passed unanimously, 7-0.

Mayor Roberts welcome Mr. Ertsgaard to the PRCS/Tree Board.

9. STUDY ITEMS

- (a) Discussing Fee in Lieu Program for Affordable Housing

Rob Beem, Community Services Manager, introduced Mike Stanger, Social Impact Workshop Consultant. Mr. Beem pointed out the term "affordable housing" for this discussion represents the workforce population. He reviewed implementation steps include developing a Fee in Lieu Program, a Housing Trust Fund, Administrative and Permitting Procedures, and determining

how the Program would interact with the Property Tax Exemption (PTE) Program. He recalled that the City Council adopted a PTE in the Station Subareas for projects that make 20% of their units affordable at 70% AMI for a period of 99 years. He said PTE provides the best financial option for developers, but noted it is set to expire in 2021. He reviewed components of the Fee in Lieu Program, and said it needs to be equal to or better than the cost of housing, and that fee calculations should take into consideration affordability gaps and production costs. He said Staff is recommending the use of the affordability gap calculation. He then requested Council's direction on calculation of the fee, the PTE Interplay, Housing Trust Fund, and clarification of the preferred income verification method.

Councilmember Salomon asked what the process is and rules are for allocating Fee in Lieu funds when there is not enough money to build a full low income housing development. Mr. Beem responded that the Housing Trust Fund that Council sets up would dictate where the housing would be built. Councilmember Salomon said he wants to ensure affordable units get built and that he is open to allowing them to be outside of the Station Areas. He also said there is a need for stricter income verification to ensure that those in need of assistance are receiving it. He said he wants to make sure the Fee in Lieu Program is done right, and he supports it applying to fractional units, but not as a replacement for the PTE Program.

Councilmember Hall agreed with Councilmember Salomon about income verification, and asked for data on compliance of existing developments to determine if the current system is working. Mr. Beem replied that properties taking advantage of PTE certify annually, and explained that the City does not audit tenant records. Councilmember Hall said he thinks a stricter income verification system is needed but wants to test the current system to verify if it is working. He said he would be more willing to support self-certification if it could be proven that it is working. He requested the PTE Program be brought back to Council a year prior to its expiration to review how it working.

Councilmember Scully commented that the Fee in Lieu is a necessary safety valve for when building affordable units does not work out or make sense, however, he wants to discourage developers from using it because he wants to see affordable units within each new development. He recommended the Fee in Lieu apply only to fractional units. Councilmember Scully also said he does not understand why there cannot be both PTE and the Fee in Lieu Programs, and that he is not concerned about income verification.

Deputy Mayor Winstead said she is not in favor of a Fee in Lieu Program and prefers that affordable housing units be built within developments to support integration, and not as a large project building. She supports auditing income verification to ensure people are not taking advantage of the system, and to make sure people who really need the units are the ones that get them. She supports the idea of keeping people in their units as they climb the income ladder, making future vacant units the affordable ones, and having a policy to prevent displacing tenants.

Councilmember McGlashan asked if the Housing Trust Fund could support incomes lower than the workforce income, and if the funds can be used for the Minor Home Repair Program. He said he prefers having income verification. Mr. Beem responded the Fund is controlled at the local level and can be set up how Council desires.

Councilmember McConnell clarified that PTE is the preferred option for developers and said she has not heard from staff that the annual income verification is necessary. Mr. Beem confirmed that PTE is the preferred options for developers. Mr. Stanger reviewed the income verification process that the Regional Coalition for Housing (ARCH) uses and explained that an audit has not been conducted because they have not had any indication that it was necessary. He shared if a tenant's income exceeds the maximum allowed, the tenant is offered another market rate unit or allowed to remain in their unit, and when another unit becomes available it is made into an affordable unit, which maintains the same mix of affordable housing. Councilmember McGlashan agreed that some level of income verification should be required.

Mayor Roberts shared that he is not sure a Fee in Lieu Program is required at this time due to the PTE Program. He stated if Council wants to move forward with the Program, he is not concerned with income verification. He asked what other cities have Fee in Lieu Programs, and said he believes the production cost is a better way to get at the true cost of the unit.

Mr. Beem stated that the development of the Housing Trust Fund will be placed on the City's Workplan for 2018. Miranda Redinger, Senior Planner, explained the importance of developing a framework for the Fee in Lieu Program so people know their options, and she explained the next steps in the process.

Councilmember Hall reiterated he wants to check income verification compliance for the City's current PTE Projects. Councilmember Salomon stated the income verification process could be delegated to staff for administration or could be detailed in the Municipal Code. Ms. Tarry stated that the City will verify compliance on some of the PTE properties this year, and will report back to Council. She clarified she heard Council wants to move forward with the Program.

(b) Discussing the Implementation of the Light Rail Subarea Projects and Policies

Miranda Redinger, Senior Planner, provided an update on the 185th Street Station and the 145th Street Station Subarea Plan projects. She said the Departments of Transportation, Surface Water, Community Services, Parks, City Manager, and Planning & Community Development are involved in the projects. She reported on the progress of the 57 policies for the 145th Street Station Subarea Plan.

Councilmember Hall thanked Staff for the report, and said he is thrilled that the City is tracking the implementation policies.

Mayor Roberts asked about residential parking zones and if a baseline analysis will be completed before construction starts on the Stations. Ms. Redinger replied that a parking utilization analysis was completed by Sound Transit in the Final Environmental Impact Study and by the City in the Station Subarea planning process.

(c) Discussing District Energy Feasibility Study

Miranda Redinger, Senior Planner, introduced Thomas Puttman and Joseph Paine of Puttman Infrastructure Consultants. Ms. Redinger explained that the District Energy Feasibility Study was limited to the 185th Street Station Subarea but can also apply to other areas in Shoreline.

Mr. Puttman explained how District Energy (DE) works through centralized heating and cooling, distribution piping, and building connections, to lower cost and reduce greenhouse gas (GHG) emissions by using scale to drive efficiency. He explained how DE benefits high density areas, like the 185th Street Subarea Station, and how to determine its value. He identified potential locations for DE areas in Shoreline include 185th Street and 145th Light Rail Station Subareas, Town Center, North City, the Aurora Square Community Renewal Area, and the Southeast Neighborhood.

Mr. Paine reviewed the details and modeling of DE potential in the 185th Street Station Subarea based on development and population distributions, how DE can help achieve City of Shoreline Climate Action Goals, and compared gas versus no gas GHG reductions.

Mr. Puttman reviewed the five key action recommendations to achieve Shoreline's Climate Action Plan are: no use of combustion or natural gas heating in new buildings; increased energy efficiency in new buildings; retrofit of existing buildings for greater energy efficiency and fuel-switch from combustion heating; utilization of onsite renewable energy; and develop District Energy and combined heat and power systems. Mr. Puttman noted that the City's population is expected to triple and at the same time the City's goal is to reduce GHG emission by 80% by 2050.

At 8:25 p.m. Deputy Mayor Winstead left the dais.

Councilmember McConnell asked if other cities prohibit the use of combustion or natural gas heating in new buildings. Mr. Puttman responded that it is a newer concept that is primarily discussed in larger development projects.

Councilmember Scully pointed out that the City is not a utility provider or a developer. He stated this type of energy is usually done for a school district or a complex providing energy for its own use, and that he does not see the City forming a DE for one neighborhood. He said he prefers to focus on development regulations within the Light Rail Station Areas to achieve more energy efficiency. Ms. Redinger responded that the City has options in how to model DE ownership, and noted the need for the City to create policy for new developments. Councilmember Scully said he would like to begin by establishing broad policy statements instead of coming up with a plug in system to wait for someone to use it.

Councilmember Hall shared it is a Council policy to pursue DE as an option for the future. He said energy is not as clean as people think, and electricity generated by hydropower could be used and sold elsewhere. He said reducing all energy consumption is a good thing but before we ban natural gas, a focus should be placed on preventing oil and wood burning. He shared he is not sure about retrofits in the Station Area.

Councilmember Salomon said the ambitious carbon reduction goal of 80% is worthless unless it is backed up with action, and any energy decrease will eventually be offset by population growth. He said he believes people will not voluntarily decrease their energy consumption, and stressed the need to look at available energy technology. He asked about the mining process for natural gas and its impact on the environment. Ms. Redinger clarified that while natural gas emits less carbon than other fossil fuels, the extraction process releases a significant amount of methane, which is a more potent greenhouse gas.

Councilmember Salomon pointed out competing goals of affordable housing, access to transit, and energy and carbon use reduction, and asked if the implementation of development code regulations around carbon reductions would deter developers from building in Shoreline. Mr. Puttman explained it is a mixture of using the “carrot and the stick” approach. He said the City has provided incentives to encourage green development, and there should be some requirements that are non-negotiable, but he also cautioned against overburdening developers with too much. Ms. Redinger provided an example of a green energy partnership for the property at the Denny Triangle. Councilmember Salomon said he appreciates the direction this is going in and asked for more concrete examples, and for examples of where renewables can come from.

Councilmember Hall suggested looking at what heating systems, gas or electric, are in developments today to help determine needed regulations.

Mayor Roberts said he would like to know what percentage of multi-unit buildings are using electric versus natural gas to help with the decision making about regulations. He asked what the sources of fuel are for some of the DE examples shown today and if buildings can be retrofitted to connect to DE. Mr. Puttman responded that traditional DE is gas fired, and some are biomass or sewer heat energy. He said a building can be retrofitted to connect to a DE System but it may not be as efficient as it would have been being connected from the beginning.

Mayor Roberts confirmed Council’s desire to continue the discussion around the Climate Action Goals and apply these policies citywide.

10. ADJOURNMENT

At 9:08 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk