

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, August 14, 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.

Mayor Roberts announced that the City is experiencing technical difficulties with the video equipment but the meeting's audio is currently being captured. He said he anticipates the video will be restored some time during the meeting.

3. REPORT OF CITY MANAGER

John Norris, Acting City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Councilmember Salomon offered comments on the event that took place in Virginia where a Nazi sympathizer ran over and murdered a pro-democracy supporter. He expressed his shock over President Trump's failure to quickly and adequately condemn Nazi racist violence. He shared a personal story about his grandmother growing up in Nazi Germany and events that lead to the rise of the Nazi Party. He said President Trump is sowing chaos and racial discord, and by equating pro-democracy supporters to racist fascist Nazi supporters, he has shown who he is really with. Councilmember Salomon urged people to not be intimidated, to be on guard, to speak out against hate, and to not contribute to the chaos.

5. PUBLIC COMMENT

Councilmember McGlashan moved to extend the public comment period to allow everyone signed up to speak for two minutes. The motion was seconded by Councilmember Salomon and passed unanimously, 7-0.

John Norris, Acting City Manager, announced that the video equipment is now operational and the meeting is being streamed live.

Gini Paulsen, Shoreline resident, said she has submitted online comments to the City Council and the City Manager regarding the proposal to cut down four acres of trees in Hamlin Park. She said the trees provide an oxygen enriched environment and when they are destroyed, so is the environment and people. She asked Council to not cut down the trees.

Phillip Ages, Shoreline resident, talked about the importance of preserving Hamlin Park and protecting the environment.

Birgit Ages, Shoreline resident, asked for better communication about meetings and talked about the difficulty of finding information on the City's website. She spoke about the lack of character and style of city development and asked what the plan for nature in the City is.

Ginny Scantlebury, Shoreline resident, asked if Councilmembers have spent time in Hamlin Park and shared why she does not think four acres of trees should be removed from the park. She questioned why the City did not accept North City Water District's offer to locate the facility at 155th and 15th, and said it is a more appropriate place for it. She shared that Hamlin Park came from King County Forward Thrust Funds and that the proposal needs to be discussed with King County. She pointed out that \$5.6 Million of 2006 Park Bond dollars was spent on different projects at Hamlin Park, and asked how the Community can be assured that money from the proposed 2018 Park Bonds will not be taken away and spent on something else.

Alice Keller, Shoreline resident, stated she is against removing trees from Hamlin Park and noted there are many uses for the park. She said Hamlin Yard is incompatible with the park and should be moved. She said there are many advantages of locating Hamlin Yard at the Brightwater site. She read the Public Works Department's mission statement and said the removal of the trees does not support the mission.

Richard Holtman, Shoreline resident, said North 159th Street is identified as a private road and is treated like one, and explained why it should not be. He distributed a packet of photographs for Councilmembers to review.

Marilyn Davies, Shoreline resident, asked that the trees not be cut in Hamlin Park and showed a picture her grandson drew of the trees. She asked Council to think of another creative solution.

Barbara Twaddell, Shoreline resident, said cutting down four acres of forest goes against what parks are for and that there has to be another location for the maintenance facilities. She read quotations from John Muir and Joni Mitchell.

Bill Franklin, Meridian Park Association, pointed to a petition signed by neighbors in support of making Darnell Park clean and safe. He suggested leveraging Darnell Park to help meet the park demand identified in the Parks, Recreation and Open Space Plan, and emphasized placing a priority on kids over dogs for new park development.

Donna Markley, Park Ridge Care Center Administrator, expressed concern about the Business and Occupation (B & O) Tax proposal, and said it jeopardizes their ability to remain viable. She said she would like to meet with City staff to discuss this further.

Serge Newberry, Shoreline Health and Rehabilitation Center, proposed that long term care facilities receive an exemption from the B & O Tax, and said the tax jeopardizes their ability to stay viable. He expressed concern about the limited number of businesses at the City's Business Outreach Workshop he attended, and said they would like to talk with the City about this matter.

Ken Klotz, Aegis Living, cautioned that the B & O Tax will be passed onto the seniors they serve who are on limited and fixed incomes. He asked that long term care facilities be exempted from the tax.

Lauri St. Ours, Washington Health Care Association Government and Legislative Affairs Director, offered her services to draft language to exempt care facilities from the B&O Tax. She shared that the State of Washington exempts Medicaid revenue from State B & O Tax, and asked the City for an exemption for care facilities.

Janet Way, Shoreline Preservation Society, shared she is opposed to cutting down trees for a utility facility in Hamlin Park and pointed out how it would negatively impact the Park. She said \$17 Million can be well spent to locate the facility somewhere else. She then read an excerpt from the Parks, Recreation, and Open Space Plan regarding ensuring adequate land and park acreage for future generations.

Jim DiPeso, Shoreline resident, said Hamlin Park is a crown jewel of public lands and it would be unwise for the City to take four acres of forest out for an industrial facility. He described Hamlin's environmental characteristics and sustainability benefits. He said as more people move to Shoreline, more parks will be needed. He noted that Brugger's Bog will not provide adequate mitigation and urged the Council to reject the proposal.

Jackson Owen, Shoreline Health and Rehab Administrator, echoed the request for an exemption from the B&O Tax for long term care facilities. He shared that the tax will only increase the cost of providing services to people on fixed incomes. He said the State's B & O Tax hits long term care facilities at one of highest rates and will be a burden to the elderly. He said he attended the outreach event for businesses and commented that City staff could not address why the City is projecting a financial shortage in twenty years.

Saskia Davis, speaking on behalf of Kathleen Davis, said that Jim Hardman, who was the Friends of Fircrest President, passed away. She reported his celebration of life will be held on Saturday, August 19, 2017. She then shared that she witnessed an owl flying and said it was

majestic and that habitat cannot be taken away from the wildlife living there, or from future generations.

Cynthia Knox, Meridian Park Neighborhood Association Boardmember, shared that homelessness has increased in Shoreline and parks are no longer safe because needles are everywhere. She said the number of people begging on street corners has also increased and asked Council to reprioritize its economic development goals to crisis management goals in order to handle the current problems in Shoreline.

Jeff Eisenbrey, Shoreline resident, talked about the fragility of the native upland forest habitat and said the removal of four acres will affect the integrity of the forest in Hamlin Park. He said the majority of the City’s minority population live in this area and cautioned against creating environmental racism by turning the area into an industrial zone. He said the proposal is wrong and questioned that it made it this far in the process.

Ian Taylor, Shoreline resident, talked about trusting the City Council’s previous decisions regarding the environment and said he is surprised and disappointed about this proposal. He said industrial development should be done were development has already happened and he hopes the Council rejects the proposal.

Lois Harrison, Shoreline resident, talked about a small grassroots citizen movement that sprung up thirty years ago to save trees in Hamlin Park and again in 2006. She explained why the trees are important to the residents of Shoreline and said it is unacceptable to cut down the trees.

6. APPROVAL OF THE AGENDA

Deputy Mayor Winstead moved to amend the Agenda to move Study Item 8.d the Business & Occupation Update and Work Plan to 8.b. The motion was seconded by Councilmember Salomon and passed unanimously, 7-0.

7. CONSENT CALENDAR

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

(a) Approving Minutes of Regular Meeting of July 17, 2017

(b) Approving Expenses and Payroll as of July 28, 2017 in the Amount of \$3,539,173.41

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
6/18/17-7/1/17	7/7/2017	72890-73139	15007-15057	67345-37350	\$579,926.89
7/2/17-7/15/17	7/21/2017	73140-73394	15058-15100	67401-67408	\$760,290.53

\$1,340,217.42

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
7/26/2017	1123	\$37,520.31
		<u><u>\$37,520.31</u></u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
7/13/2017	67272	67300	\$432,325.86
7/13/2017	67301	67311	\$84,559.67
7/13/2017	67312	67339	\$18,209.04
7/13/2017	67340	67344	\$3,775.00
7/19/2017	67351	67352	\$42,275.98
7/19/2017	67353	67353	\$8,106.37
7/20/2017	67354	67374	\$152,534.33
7/20/2017	67375	67391	\$12,383.56
7/20/2017	67392	67398	\$1,655.93
7/25/2017	67327	67327	(\$88.26)
7/26/2017	67399	67400	\$4,453.79
7/26/2017	67409	67423	\$83,425.98
7/26/2017	67424	67441	\$62,336.07
7/27/2017	67442	67460	\$4,814.12
7/27/2017	67461	67468	\$35,822.89
7/27/2017	67469	67487	\$1,016,776.54
7/27/2017	67488	67504	\$197,728.66
7/27/2017	67505	67507	\$224.78
7/27/2017	67508	67508	\$115.37
			<u><u>\$2,161,435.68</u></u>

(c) Adopting Ordinance No. 788 - Development Code Amendment to Expand Use of Civil Fees and Other Fees Collected

(d) Authorize the City Manager to Execute a Contract with Integris LLC in the amount of \$25,000 for Process Consulting in Support of the Financial/HR System Implementation

(e) Authorize the City Manager to Execute an Amendment to the Agreement with Dorsey & Whitney LLP in an Amount Not to Exceed \$150,000 to Increase Funds for Legal Assistance with Matters Related to the City's Assumption of the Ronald Wastewater District

(f) Adoption of Ordinance No. 781 Granting a Non-Exclusive Franchise to MCIMetro Access Transmission Services Corp., dba Verizon Access Transmission Services, to Construct, Operate, and Maintain a Telecommunications Fiber Optic System Within City Rights-of-Way

8. STUDY ITEMS

- (a) Discussing Ordinance No. 796 - Amending the 2017 Salary Classification Table with the Removal of the Construction Inspection Supervisor, the Addition of a Development and Construction Manager Classification, the Removal of the Wastewater Utility Maintenance Manager, and the Addition of the Wastewater Manager

Tricia Juhnke, City Engineer; Lance Newkirk, Utilities and Operations Manager; and Rick Kirkwood, Budget Supervisor, provided the staff report. Ms. Juhnke explained that the 2017 Salary Classification Table is being amended to add a Development Review and Construction Manager and a Wastewater Manager, and to remove the Construction Inspection Supervisor and Wastewater Utility Maintenance Manager positions. She explained the shift in duties, salary changes, and the next steps in the process. She said the Ordinance is scheduled for adoption on September 11, 2017.

Mayor Roberts asked when job recruitments would begin. Ms. Juhnke responded recruitment will begin upon Council's adoption of the Ordinance. Mayor Roberts said the item can be placed on the Consent Calendar.

At 8:01 p.m., Mayor Roberts convened a two minute recess, and at 8:03 p.m., he reconvened the meeting.

- (b) Update of the Business & Occupation Tax Workplan

Sara Lane, Administrative Services Director, shared that the Business and Occupation (B & O) Tax is Strategy 6 of the City's 10 Year Financial Sustainability Plan. She said tax revenues are not growing as fast as expenditures due to inflation and rising costs that are out of the City's control, and she provided the rationale for implementing a B & O Tax. She reviewed the Business Outreach Workplan, and introduced BERK's Consultants Allegra Calder and Jennifer Tippins.

Ms. Calder reviewed the outreach performed with businesses which included a survey, business workshops, and telephone interviews, and presented the results. Ms. Tippins provided highlights from the phone interviews regarding businesses B & O tax structure and exemption preferences.

Councilmember Hall asked if taxes based on income is authorized by State Law. Ms. Lane replied that she did not think so.

Councilmember McGlashan asked if some exemptions are required by State law. Ms. Lane answered yes.

Ms. Lane reviewed policy options are:

- Exemption threshold in accordance with the State Model Ordinance which has a minimum threshold of \$20,000. She said staff's recommendation is to set the exemption threshold at \$200,000.
- Basis and rate of the tax with a recommendation to start with service at highest rate and all others at \$.001.
- Tax exemptions and deductions with recommendation to adopt mandatory and standard exemptions; exempt revenue subject to another Shoreline gross receipts tax; and exempt Non-profit 501(c)(3) revenue.
- Deductions, credits, and allocation with recommendation to adopt all Model Ordinance mandatory and standard deductions.
- Licensing and Tax Administration with recommendation to perform thorough cost-benefit analysis of options after deciding on tax structure.

Ms. Lane then reviewed implementation steps and said the B & O Tax could be implemented by January 1, 2019.

Councilmember Hall said he agrees with the \$200,000 exemption threshold, and expressed that it is a fair tax system that provides the business community a way to pay their fair share for City services. He asked if B & O taxes could be collected on gambling and marijuana businesses. Ms. Lane responded that they can be collected from marijuana businesses and that she will need to evaluate applying a B & O Tax to gambling businesses. Councilmember Hall requested a comparison of the City's gambling tax rate against that of other cities.

Councilmember McGlashan expressed concern about the low survey response rate and that one-third of the respondents said if a B & O Tax was assessed that they would close their business or move out of the City. Deputy Mayor Winstead asked if the survey identifies which businesses responded they would move and if they were under the \$200,000 threshold. She requested that data be presented to Council.

Councilmember Scully said he supports staff's recommended exemption level, and that he is not in favor of any additional exemptions.

Deputy Mayor Winstead explained a lot of work went into the City's 10 Year Financial Sustainability Model that forecasts the City's revenue needs and identifies strategies for making the City financially sustainable. She shared the B & O Tax serves as an equalizer to tax everyone in Shoreline so the City does not just rely on property taxes.

Councilmember Salomon talked about the robust housing market and said the local business climate is fragile. He said a \$200,000 exemption level will help with his concerns, and that the information Deputy Mayor Winstead requested will also be helpful in the decision making process. He said he struggles with the fundamental question of whether a B & O Tax is fair. He

explained that the same business that sells something for \$20,000 and makes a \$1 profit would be taxed at the same rate as a business who sells something for \$20,000 and made a \$10,000 profit. He stated he understands the State dictates how the City is able to tax and noted that options are limited. He asked if businesses would prefer to cut the City's economic development budget rather than raise taxes. Ms. Lane responded that, in general, businesses replied that they value City services, and approximately 60% of respondents said they want to maintain services at the lowest possible rate. And if services were added, respondents said they would like to see human services, parks, and economic development improvements, which is consistent with the City's Citizen Satisfaction Survey.

Councilmember McConnell pointed out that about 70% of small businesses would be exempted. She questioned why so many long-term care facility administrators were here to testify against the B & O Tax. Ms. Lane responded that they were engaged, attended the workshops, and reached out to fellow businesses. She said it is not a common exemption and that their concern is due to lack of flexibility to increase prices due to State law. Councilmember McConnell stressed the need to be fair and equitable and said the \$200,000 threshold meets those requirements.

Mayor Roberts said larger businesses generally track their dollars carefully and are able to easily calculate their exemptions. He asked clarifying questions about potential revenue thresholds and if they are only based off sales tax. Ms. Lane said staff's recommendation was to achieve as much consistency as possible and stated it expands to other revenue than just sales tax revenue. Mayor Roberts said he remains convinced that a B & O Tax is not necessary, however, if the Council decides to move forward he is comfortable with staff's recommendations and wants more exemptions added for agencies who rely on state or federal grants (including money coming from Medicare).

Councilmember Hall pointed out that ten years ago the Long Range Citizen Financial Advisory Committee identified economic development as the preferred method for generating revenue for the City. He pointed out that Shoreline has been one of the slower growing cities in King County and the State for three decades now. He said the City is not seeing enough new revenue from new businesses to meet the expenses of serving the Community, and if you look at the 10 year forecast period, the City needs to move forward with the full set off financial strategies identified.

Councilmember Scully said he does not agree with providing exemptions for businesses just because they are receiving government funding and that he would rather support exempting specific industries. Deputy Mayor Winstead said she agrees with Councilmembers Hall and Scully.

Mayor Roberts recapped that a majority of the Council wants to move forward with the B & O Tax proposal, and having discussions regarding exemptions and rates. Ms. Lane stated an ordinance will be brought back in November or December 2017 for Council's discussion.

- (c) Discussing Ordinance No. 780 - Amending the Shoreline Municipal Code
Establishing City Governance Authority to Own and Operate a Wastewater Utility

Lance Newkirk, Utilities & Operations Manager, recapped the process and goals regarding amending the Shoreline Municipal Code to establish City governance authority to own and operate a wastewater utility. He provided a brief overview of code highlights and organization of Chapter 13.05. He pointed out a scrivener error on page 8b-15 of the staff report Section 13.05.140(a) and said it will be corrected. He said there are no policy implications at this time.

Councilmember Hall said he is pleased to see the reduced rate for qualifying seniors' carryover from the Ronald Wastewater District to the City.

Mayor Roberts asked staff to identify what has been newly added to the Code. Mr. Newkirk responded the goal was to keep the code familiar, consistent, and implementable, therefore, there are no significance changes. Mayor Roberts asked for the new changes to be called out in the next staff report. Mayor Roberts asked about the creation of a Utility Commission. Mr. Norris explained that the Ronald Waster Board will continue to exist under term limitations and since the Board will be sunseting, it was not included in the Code update.

- (d) Discussing: Resolution No. 417 - Establishing Customer Service Policies to Manage a Wastewater Enterprise; Ordinance No. 793 - Amending SMC Chapter 2.60 Purchasing Code; Ordinance No. 795 - Amending SMC Chapter 3.50 Sale and Disposal of Surplus Personal Property; Resolution No. 416 Amending the City's Business Expense Policy

Sara Lane, Administrative Services Director, explained that the City performed a review of the City's and Ronald Wastewater District (RWD) Policies and cleaned them up. She noted that City policies were adequate for financials and purchasing, but not for the customer services portion related to managing a utility. She shared that RWD Policies are also good and staff's recommendation is to adopt their policies by Resolution. She introduced Mark Greg, RWD Accounting Manager, to assist in answering Council's questions.

Councilmember McConnell thanked Mr. Greg for staying to answer questions and for all the work he has performed with City staff.

Councilmember Hall asked how many homes are served by onsite septic tanks instead of the sewer system in the City. Ms. Lane stated that she will get that data from the Maintenance Manager and report it to Council.

Mayors Roberts requested a grace period for delinquent accounts and expressed concern about the duplicate billing fee charges, and said he would rather see a charge of a \$1 per pay period.

Ms. Lane said Resolution No. 416 clarifies the policy for combining business and personal travel, and is scheduled for adoption on September 18, 2017.

Ms. Lane said Ordinance No. 793 amends the Shoreline Municipal Code Chapter 3.60 Purchasing Code and are primarily housekeeping changes to link to the RCW relating to bonding and purchase orders.

Ms. Lane said Ordinance No. 795 amends Shoreline Municipal Code Chapter 3.50 Sale and Disposal of Surplus Personal Property to increase Council's level of approval from \$2,000.00 to \$5,000.00, and allows surplus revenue to return to the City more quickly.

A discussion ensued on Resolution No. 416 Sister City Business Expense and on the Sister City Program. A majority of Councilmembers requested that the program be dissolved. Mr. Norris advised that in order to formally dissolve the program the Council will need to adopt a resolution to repeal the resolution that established it.

9. ADJOURNMENT

At 9:25 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

DRAFT