

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Adopting the 2018 State Legislative Priorities
DEPARTMENT:	City Manager's Office
PRESENTED BY:	Scott MacColl, Intergovernmental Relations Program Manager
ACTION:	<input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Motion <input type="checkbox"/> Discussion <input type="checkbox"/> Public Hearing

PROBLEM/ISSUE STATEMENT:

The 2018 Washington State Legislative Session is quickly approaching, which is the mid-year of the 2017-2019 Biennium. This staff report previews the upcoming 2018 Legislative Session and discusses the City's draft 2018 Legislative Priorities. The draft priorities are attached for Council review and approval.

For 2018, staff proposes continuing the request for local government financial sustainability and flexibility; supporting dedicated state revenues for the human services safety net, including supporting affordable housing, homelessness, and the mental and behavioral health system; advocating passage of the Capital Budget; and restoring local infrastructure programs.

RESOURCES/FINANCIAL IMPACT:

This item has no direct financial impact.

RECOMMENDATION

Staff recommends that the City Council move to adopt the 2018 Legislative Priorities.

Approved By: City Manager **DT** City Attorney **MK**

DISCUSSION

Staff proposes the attached draft 2018 State Legislative Priorities (Attachment A) for Council for review and potential approval. The priorities provide policy direction to guide staff in determining support or opposition to specific legislation. Staff utilizes these priorities to determine whether the City supports or opposes specific legislation and amendments in Olympia during the legislative session. The City actively monitors legislative proposals at the state level, as success in advancing the City's position in Olympia depends on providing accurate and timely information to Legislators and their staff that illustrates the impacts of pending legislation on Shoreline.

Key pieces of legislation that do not fall under the adopted Legislative Priorities will be presented to the Council for review. However, proposed State legislation can change very rapidly, sometimes within hours, and there usually is not time to review changes with the Council. The legislative priorities are therefore primarily drafted as general policy positions to provide staff and Council representatives the flexibility to respond quickly to requests for information or input. The City also continues to partner with the Association of Washington Cities (AWC), which provides a consistent voice and a strong presence for cities in Olympia.

2018 State Legislative Session Preview

2018 is the mid-year of the 2017-2019 biennium, or the 'short' session, which is scheduled to last 60 days. While the State Legislature managed to address the McLeary Decision as part of the 2017-2019 biennial budget, the 2017 session extended until almost July and nearly triggered a mandatory state government shutdown. Unfortunately, a byproduct of the lengthy budget negotiations was that the Legislature failed to pass a biennial Capital Budget due to not finding a solution to a municipal water rights issue that remains unresolved.

In addition to this, some legislators are not happy with the McLeary funding solution, which essentially moves state education funds from higher property-assessed valuation (AV) areas like the central Puget Sound region (including Shoreline) to lower-AV areas of the state to cover the state contribution of K-12 education funding. What an alternative could be and whether or not it is even a viable option is unclear.

However, with the State Senate majority flipped to the Democrats as of the election last month, the Capital Budget will likely be the first order of business in the new session. 2018 is also a legislative election year and legislators will want to finish the 2018 Legislative Session on time to allow for campaigning as soon as possible.

AWC Concerns

AWC notes that critical issues remain unsolved and need to be addressed in the 2018 Legislative Session, including adopting a Capital Budget and taking action on city priorities to help our communities thrive. AWC specific items include strengthening city tools to address housing conditions in our communities; directing funds to mental health, chemical dependency, and social safety net programs; preserving state shared revenue (liquor, marijuana) with cities; and enhancing economic development tools and programs that foster business development in cities and increasing law enforcement training funds.

Shoreline Concerns

Below are the proposed specific legislative priorities and a list of issues the City supports; however the majority of the focus would be on the specific priorities.

1. **Local Government Financial Sustainability and Flexibility** – building on the conversation started with legislators over the last couple of years, staff proposes advocating for a more self-sufficient model where the City can control its revenue streams. Cities need to be able to plan for funding from one year to the next; providing cities more local financial flexibility allows each jurisdiction to make their own choices of how to fund local services.
 - a. 1% Property tax limit - this existing limit does not keep pace with inflation and restricts cities' ability to maintain services. Setting a limit that is tied to a tangible number (e.g. Consumer Price Index) would allow cities to better maintain existing services.
 - b. Increased flexibility on existing revenues – many available revenue options are constricted, restricted or unpredictable, which makes it hard to maintain or increase city services such as public safety, infrastructure and human services programs.
2. **Support Human Services Safety Net** – enhance the provision of needed human services programs to address issues that drive increased homelessness and public safety costs. Council has previously heard several situations that affect our local agencies' ability to meet local needs including:
 - a. With the Affordable Care Act's passage there is a sense that everyone who signs up has full access to services. Funders are reacting by cutting support for basic agency operating costs which is taxing agencies' ability to keep their doors open. That, in turn, affects the provision of mental health and substance abuse treatment for youth and adults and youth development/Out of School Time services.
 - i. There is a broad shift away from support for services to seniors. This affects our local senior center operation as well as transportation services like the Hyde Shuttle.
 - ii. The rapid increase in the cost of housing is driving the demand for housing assistance for rent, move in/out support and utility assistance;
 - b. Increase Affordable Housing and Decrease Homelessness - homelessness is on the rise both in Shoreline and the region, increasing the need for implementing the All Home 4-year Strategic Plan. Shoreline, like many cities, struggles to address these problems with very limited resources. Solutions require community partners and new funding. Ideas include:
 - i. Document Recording Fee - Eliminate the sunset and increase the fee. This fee on real estate transactions provides the bulk of funding for homeless programs at the state and local levels, and faces a 60% reduction if allowed to sunset in 2019;
 - ii. Local options for funding affordable housing – create new local options to generate revenue for homeless services and for capital construction of affordable housing, and improve standing options to make implementation easier.

- iii. Support a local option preservation property tax exemption – authority for local jurisdictions to provide an exemption to maintain existing low-income housing.
 - c. Invest in Behavioral and Mental Health Services – provide additional resources, including coordinated treatment, increasing treatment beds, support for step-down services and programs for transient drug populations.
- 3. **Pass the Capital Budget** – as noted previously, the Capital Budget funds many critical community projects that cannot move forward without the funding, including:
 - a. Housing Trust Fund – invest \$200 million in the fund to spur new capital construction of affordable housing statewide;
- 4. **Infrastructure Funding** - infrastructure programs that benefit cities have been diverted to the state general fund over the past few years. These types of accounts allow cities to utilize low interest loans or grants to complete infrastructure projects at a significantly lower cost due to lower loan repayment rates than market value. This item would support any funding in infrastructure spending that cities can apply for to help fund important projects (e.g. Public Works Trust Fund).

Legislative Issues the City Supports

- 1. **Transit Communities** - advocate for city tools, such as funding and/or regulatory authority, to support communities centered around high capacity transit corridors.
- 2. **Excess Property at Fircrest** – as the discussions continue on the future of the property surrounding the Fircrest Campus, the City would like to look for opportunities to redevelop the property.
- 3. **Automatic Voter Registration** – The Mayor proposed this issue; if Council pursues this issue, staff would recommend asking our delegation to direct legislative staff to provide an analysis of options for whether/how this could work. Oregon adopted automatic voter registration in 2015 that automatically registers residents to vote when they either renew or first apply for an Oregon driver's license or state identification card. In Washington an individual can currently register to vote or update their voter registration whenever they complete a transaction at any driver licensing office.

WRIA 8 – Lake Washington/Cedar/Sammamish Watershed Partners

Councilmember Salomon represents the City Council on WRIA 8 and asked about potential legislative priorities that overlap with the City's priorities. Recently WRIA 8 adopted federal and state legislative priorities (Attachment B). WRIA 8 has several items within the State's proposed capital budget that they have listed on their legislative priorities. Given that the City's draft priorities include passage of the 2017-2019 State Capital Budget, those items within the budget for WRIA 8, would be supported by the City. WRIA 8's legislative policy priorities includes support for legislation that seeks to improve regulatory protections for areas that are important for salmon habitat. Council may want to consider adding this to the legislative issues that the City would support.

RESOURCES/FINANCIAL IMPACT

This item has no direct financial impact.

RECOMMENDATION

Staff recommends that the City Council move to adopt the 2018 Legislative Priorities.

ATTACHMENTS

Attachment A: Draft 2018 Legislative Priorities

Attachment B: 2018 Legislative Priorities for Puget Sound Watershed Heath and
Salmon Habitat Recovery



DRAFT 2018 Shoreline Legislative Priorities

1. Support Local Government Financial Sustainability and Flexibility:
 - a. Revise 1% Property Tax Limitation.
 - b. Increase flexibility on existing revenues.
2. Support increasing state revenue from non-regressive revenue sources to support the human services safety net and to maintain or increase levels of services.
 - a. Support and enhance actions to increase affordable housing and decrease homelessness.
 - b. Support direct funding for a strained mental and behavioral health system.
3. Advocate for passage of a 2017-2019 Capital Budget.
4. Restore funding infrastructure programs that support basic local infrastructure.

Legislative Issues the City Supports:

1. Advocate for city tools, such as funding and regulatory authority, to support Transit Communities.
2. Support opportunities for redevelopment on the excess property adjacent to the Fircrest Campus.
3. Support legislation that allows for automatic voter registration.



2018 Legislative Priorities for Puget Sound Watershed Health and Salmon Habitat Recovery

Lake Washington/Cedar/Sammamish Watershed (WRIA 8) Partners

Updated: November 2017

Federal Priorities

- **Support a Fiscal Year 2018 appropriations request of \$65 million for the Pacific Coast Salmon Recovery Fund (PCSRF) in Departments of Commerce and Justice, Science, and Related Agencies Appropriations Bill.**

While annual funding for PCSRF has been over \$100 million in the past, a \$65 million funding level would maintain the funding level appropriated since 2012 to advance implementation of critical habitat protection and restoration projects. These funds allow NOAA to award grants to Washington State, tribes, and local watershed partners to implement salmon recovery priorities through the annual Salmon Recovery Funding Board grant round process. Habitat protection and restoration projects enabled by PCSRF are consistent with the Action Agenda for Puget Sound recovery and tribal habitat priorities. The President's proposed FY 2017 budget includes \$65 million for PCSRF, which is equal to the FY 2016 appropriation. Federal PCSRF funds are matched by state funds in the Recreation and Conservation Office budget.

***Request:** Support \$65 million FY 2018 appropriation for PCSRF in communications with the Congressional delegation and NOAA leadership.*

- **Support the “Promoting United Government Efforts to Save Our Sound Act” (PUGET SOS Act; H.R. 3630).**

Introduced in 2015, this bill would establish a Puget Sound Recovery National Program Office in the Environmental Protection Agency (EPA) to provide for the coordination of federal Puget Sound recovery efforts with state, local and tribal recovery efforts. The bill enhances the federal government's role and investment in Puget Sound by amending the Clean

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Water Act to add a new section dedicated to Puget Sound recovery, providing lasting and structural recognition of the Puget Sound as a waterbody of national significance on par with the Chesapeake Bay and the Great Lakes. The bill, which was introduced by Congressmen Denny Heck and Derek Kilmer (co-chairs of the Puget Sound Recovery Caucus), would ultimately result in greater levels of federal funding for Puget Sound recovery.

***Request:** In communications with the Congressional delegation and EPA leadership, support the Puget SOS Act or a revised version of this bill.*

➤ **Support funding for the Army Corps of Engineers (Corps) to implement critical prioritized infrastructure repairs and updates to the Hiram M. Chittenden (Ballard) Locks.**

Repairs and updates are immediately necessary for continued safe operation of the Locks for navigation, maintaining lake levels (needed for the SR-520 and I-90 floating bridges), and providing safe passage for ESA-listed Chinook salmon. To date, Locks managers have been slowly implementing improvements as limited annual funding allows.

The summer of 2017 marked the Locks Centennial. Much of machinery and facilities are original, have not been upgraded, and are past their design life with some beginning to fail. A 2017 economic impact study of the Locks completed on behalf of a consortium of maritime industry groups documented that the Locks support over \$1.2 billion in annual economic activity. The study describes the benefits of reliable operation of the Locks, the potential losses in the event of a failure, and steps needed to repair the 100-year-old facility. While the study helps document a portion of the economic benefits of the Locks, a comprehensive assessment of benefits, including support for transportation and water supply infrastructure, environmental health, and public safety, would likely be orders of magnitude greater. The Corps needs to allocate and reserve \$60 million, beginning in 2018, to immediately accelerate critical repairs that ensure safe facility operation and reduce risks from a potential failure.

WRIA 8 encourages the Washington State Congressional delegation and other regional leaders to share their concern about the Locks' condition with Corps leadership in Washington, D.C. and request the Corps to allocate and reserve \$60 million for critical Locks infrastructure

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improvements, and fund a comprehensive regional assessment of Locks benefits and impacts from a potential failure.

***Request:** Request Corps Headquarters to allocate and reserve \$60 million, beginning in FY 2018, to accelerate identified prioritized projects on the Corps' list of Locks infrastructure improvements developed in 2012.*

State Priorities

Capital Budget

Support the Puget Sound Partnership's original PSAR funding request of \$80 million for the 2017 – 2019 biennium (contained in the Recreation and Conservation Office budget). PSAR funds support implementation of the highest priority habitat protection and restoration projects throughout Puget Sound. The program includes: 1) base funding allocated among Puget Sound watersheds for a list of grant round habitat projects, and 2) funding for a prioritized list of specific, large-scale, high-priority capital projects submitted by Puget Sound watersheds. Funds are derived from State general obligation bonds (RCW 77.85). A small portion of this funding also supports local watershed development of priority projects.

➤ **Support the Recreation and Conservation Office's (RCO) original state capital funding request for the Salmon Recovery Funding Board of \$55.3 million for the 2017 – 2019 biennium.**

SRFB funds consist of federal PCSRF dollars and state capital funds that serve as the required match to federal funds. Together, these dollars support annual grant rounds for salmon habitat protection and restoration projects in watersheds around the state. This funding is a cornerstone of WRIA 8's annual grant round, yet the funding from the state has been in decline for several years. For 2017 – 2019, the Salmon Recovery Funding Board intends to use a portion of the state funding to support Lead Entities' cultivation and development of priority projects, which is intended to increase Washington's competitiveness for federal PCSRF funds.

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➤ **Support the Washington Department of Ecology's (Ecology) original Floodplains by Design agency funding request of \$70 million for the 2017 – 2019 biennium.**

In the past two biennial legislative sessions, the legislature allocated funding to Ecology to support a list of multiple benefit floodplain restoration and management projects, including the following WRIA 8 priorities:

- In the 2013-2015 biennium, King County received a \$4.1 million grant to support completion of the Cedar River Rainbow Bend floodplain restoration project and assist with relocating residents of a mobile home park as part of the Riverbend floodplain restoration project.
- In the 2015-2017 biennium, King County and Seattle Public Utilities received a grant to acquire floodplain properties in priority reaches of the Cedar River and develop final design of the Riverbend floodplain restoration project.
- For the 2017 – 2019 biennium, King County applied for funding to construct the Riverbend Floodplain Reconnection Project on the Cedar River.

➤ **Support Washington Department of Ecology's original funding request of \$105.5 million for the Stormwater Financial Assistance Program in the 2017-2019 biennium.**

The Stormwater Financial Assistance Program provides funding to local communities to prevent pollution of water bodies from stormwater and run-off from urbanized areas. These grants have come through various grant programs including the Capacity Grants, Grants of Regional or Statewide Significance, and capital construction grants. Stormwater funding comes from a combination of state bond and hazardous substance tax dollars.

➤ **Support the Puget Sound Partnership's (PSP) legislative funding strategy for capital actions supporting implementation of the Action Agenda for Puget Sound.**

The overall intent of PSP's funding strategy is to protect Puget Sound, and funding will support the Partnership's ability to implement the Action Agenda for Puget Sound, which directly and indirectly benefits salmon recovery. PSP's salmon recovery habitat restoration priorities may fall more directly under the PSAR program, but the strategic initiatives are an avenue to support stormwater reduction priorities; multi-objective habitat

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enhancement projects; and integrated water infrastructure projects that address a mix of stormwater, habitat, water supply, and flood protection.

Operating Budget

- **Support the Recreation and Conservation Office's (RCO's) request of \$907,000 in state general funds to support Lead Entity project development.**

RCO requests state general funds to support the ability of Lead Entities to cultivate and develop projects, and these funds combine with federal PCSRF dollars to support annual Lead Entity grants for project development, grant round coordination, and project tracking. This is the same amount requested in the 2015 – 2017 biennium. For over 10 years, the grant award to WRIA 8 was \$60,000, but for the 2016 – 2017 state fiscal year, the award will be \$45,658 due to declining state contributions and a commensurate decline in Washington's PCSRF award. The decline in federal PCSRF funds has been linked directly to the amount of project development funds included in Washington's PCSRF application relative to the other four west coast states, which has increased due to the decline in state appropriations. As a result, the state contribution is necessary to improve Washington's competitiveness for PCSRF, which affects capital and non-capital funding.

Policy Legislation

- **Support legislation that seeks to improve regulatory protections for areas that are important for salmon habitat.**

During the legislative session various proposals are made to improve aspects of various regulations that protect important salmon habitat areas, including riparian areas, lake and marine shorelines, etc. WRIA 8 partners should consider support for proposed legislation that improves regulatory protections that seek to benefit salmon habitat.

- **Support and explore opportunities to engage in developing legislation that seeks to provide immunity from liability for entities that implement habitat restoration projects involving the placement of large wood.**

WRIA 8 has a goal to increase wood in the watershed's rivers and streams as a vital component of improving habitat conditions that support Chinook salmon. Concerns about liability associated with public safety related to

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placing large wood as part of habitat restoration projects can delay and/or limit restoration actions. Identify existing state law, such as the recreational use immunity statute that provides immunity to public and private landowners from liability for unintentional injuries, which could be amended to clearly provide immunity from liability for entities that implement habitat restoration projects.

➤ **Track and consider support for greater restrictions or a complete ban of net pen aquaculture in Puget Sound.**

The State of Washington is investigating the recent release of Atlantic salmon from net pens near Cypress Island, and a moratorium on new aquaculture facilities is in place until a report is complete. King County will be considering how to address aquaculture provisions in their Shoreline Master Program update. WRIA 8 should track this issue and consider engaging if there is a clear nexus to Chinook salmon recovery efforts.

➤ **Track and participate in continued efforts to explore new watershed-based funding authorities to support multiple-benefit projects that address salmon habitat protection and restoration, water quality, stormwater management, and flood management.**

Since 2011, recognizing the limited funding available to implement salmon recovery, WRIA 8 supported and participated in cross-watershed discussions to identify alternative funding mechanisms to implement multiple-benefit watershed priorities, including but not limited to salmon recovery habitat restoration, stormwater management, and flood management. These efforts and discussions are on-going and may result in future legislation.

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