

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, November 6, 2017
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

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

ABSENT: Councilmember Salomon

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 with the exception of Councilmembers McConnell and Salomon.

Councilmember Hall moved to excuse Councilmember Salomon for personal reasons. The motion was seconded by Councilmember McGlashan and passed unanimously, 5-0.

(a) Proclamation of Veterans Appreciation Day

Mayor Roberts read a proclamation declaring Saturday, November 11, 2017, as Veterans Appreciation Day in the City of Shoreline. Dwight Stevens, members of the Shoreline Veterans Association, and Veteran Ken Potts of the 101st Airborne Division accepted the proclamation. Mr. Stevens invited everyone to the Veteran's Day Program on Saturday, November 11, 2017 at City Hall, and said it was an honor to serve and to receive the proclamation. Mr. Potts thanked the Council and said he accepts the proclamation on behalf of those who served and did not make it back and for those who are still there. He said he is not a hero but had the distinct pleasure of serving alongside those who were.

At 7:03 p.m. Councilmember McConnell arrived to the meeting.

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 attending the Association of Washington Cities (AWC) Meeting where he welcomed 25-30 elected officials to AWC's Regional Meeting in Edmonds. He shared that they discussed legislative priorities, shared cities' successes and challenges, and said Shoreline is not alone facing issues related to addiction, mental health, traffic, and housing, and that other cities are also dealing with these issues.

Councilmember McConnell reported attending the SeaShore Transportation Forum Meeting and said they were provided reports by Metro Connect and Community Transit about extending existing bus routes and adding new ones before the Light Rail Stations open.

Mayor Roberts announced that the City's website was recently updated to make it more user friendly, and invited everyone to take a look at it. Deputy Mayor Winstead shared that she likes the new residents' page and all the valuable information it contains.

Mayor Roberts stated that the Council met with Lake Forest Park and Kenmore City Councils at tonight's Dinner Meeting to discuss collaborating around Sound Transit 3 and issues related to sheltering and assisting the senior population.

5. PUBLIC COMMENT

Lindsay Hanna, Shoreline resident and Forterra Representative, commented that the Landscape Conservation and Local Infrastructure Program (LCLIP) encourages Transfer Development Rights (TDR) which would generate new revenue for the City to help pay for infrastructure investments to support planned growth. She shared that the 145th Street and 185th Street Light Rail Station Subarea rezones could accept the credits. She said Forterra respectfully disagrees with staff's recommendation to not pursue the program and explained why. She said an updated analysis should be completed and would provide a clearer picture of the benefits of using the program.

Michael Murphy, King County TDR Program Manager stressed the importance of the TDR working for the City, County and the developers, and said he is eager to find a solution that works for all. He clarified that the only risk for not meeting milestones is that the County will discontinue the revenue share, and pointed out that if milestones are met the revenue share the City will receive can be up to 75% of the County's share of property tax revenues. He said the County is willing to share in the cost of updating the analysis report, stressed the importance of LCLIP to protect land, and urged the Council to keep conversations moving forward.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Deputy Mayor Winstead and seconded by Councilmember Hall and unanimously carried 6-0, the following Consent Calendar items were approved:

- (a) Approving Minutes of Regular Meeting of October 2, 2017**
- (b) Adopting Ordinance No. 804 - Seattle Public Utilities Franchise Amendment**
- (c) Motion Authorizing the City Manager to Enter into an Agreement with the Shoreline Fire Department to Accelerate the Fire Review for the School District Development Permits**
- (d) Motion Authorizing the City Manager to Enter into an Agreement with the Shoreline School District for Accelerated Permit Processing**

8. ACTION ITEMS

- (a) Public Hearing and Discussing Ordinance No. 807 - 2018 Property Tax and Revenue Sources

Sara Lane, Administrative Services Director, and Rick Kirkwood, Budget Manager, provided the staff report. Ms. Lane shared that the 2018 Budget is available at Shoreline Libraries, City Hall, and on the City's Website. She shared tonight's emphasis will be on revenues and that 2018 Revenues total \$85.142 Million. She said revenue sources are \$8.690 Million in Use of Beginning Fund Balance and represents 10% of the total budget; \$27.091 Million in Taxes and represents 32% of the total budget; \$6.740 Million in Utility Taxes, Franchise Fees and Contract Payments and represents 8% of the total budget; \$11.537 Million in Fees and Permits and represents 14% of the total budget; \$8.644 Million in State and Federal Funding and represents 10% of the total budget; \$6.383 Million in Grants and represents 7% of the total budget; \$7.087 Million in Transfer Between Funds and represents 8% of the total budget; and \$8.970 Million in Other and represents 11% of the total budget. She reviewed each fund in detailed. She shared that the General Fund Operating Resources is \$48.099 Million, and that the General Fund Operating Revenue is \$41.917 Million. She provided a detailed breakdown of revenue sources and noted the three major revenue sources are Property Tax, Sales Tax, and Franchise Fee/Contract Payments.

Ms. Lane stated that Ordinance No. 807 Regular Levy sets the levy at \$12.760 Million, a levy rate of \$1.31/\$1,000 Assessed Value, and represents 30.4% of Operating Revenues. She reviewed how the levy rate and the McCleary Decision to fund education will impact Shoreline property owners. She shared the Surface Water Utility Fee shows a \$45 annual rate increase to support the Surface Water Proactive Management Strategy Plan. She explained that the Wastewater Utility Fund Fee rate is set by the Ronald Wasterwater District (RWD) Board and that RWD retains all the funds; the City is then reimbursed \$2.3 Million by RWD for the cost of operating the Utility. She reviewed how sales taxes are allocated, and explained that for each \$10 spent in Shoreline, \$1.00 of sales tax is generated, and the City receives 8.5 cents of that sales tax, representing 20.1% of Operating Revenues.

Ms. Lane then reviewed the following capital fund revenues:

- Vehicle license fees revenue currently set at \$20, generating \$780,000 annually and Council has the authority to increase it by an additional \$20 to replace General Fund Contribution to Roads Capital, and for other transportation projects
- Real Estate Excise Tax is restricted and used for specific public works projects in the Comprehensive Plan and for Debt Services.

At 7:32 p.m. Mayor Roberts opened the Public Hearing. There was no one in the audience who wished to provide Public Comment and the Mayor closed the Public Hearing. He shared that public comment regarding this item can be provided at the Public Hearing scheduled for November 13, 2017 and at the 2018 Budget Adoption scheduled for November 20, 2017.

Mayor Roberts requested an amendment to the 2018 Budget to pay for membership to the United States Conference of Mayors. He said he finds their work of value and will assist with working with the Federal delegation. Deputy Mayor Winstead asked for a cost benefit analysis and expressed the organization was more appropriate for a strong mayor type of government.

9. STUDY ITEMS

(a) Discussing Landscape Conservation and Local Infrastructure Program (LCLIP)

Steve Szafran, Senior Planner, explained that the Landscape Conservation and Local Infrastructure Program (LCLIP) creates incentives for land conservation in the County and infrastructure improvements in the City. He said it encourages the transfer of development rights (TDR) with a public financial tool, credits added development potential in exchange for the preservation of natural and rural land in the County, and provides greater tax revenues for city infrastructure improvements. He explained the benefits and risks of participating in the program, and stated staff's recommendation is to not implement it at this time.

Councilmember Scully asked about the disconnect between the information provided in the staff report and what the Forterra Representatives said about LCLIP, and when the City would be obligated to buy credits. Mr. Szafran responded that the City is not obligated to buy credits. Ms. Lane added that the financial risk occurs if the City issues debt to account for a revenue stream that is no longer provided by LCLIP. Councilmember Hall added that the issuance of a bond will require payment of the debt from other revenue streams.

Councilmember Hall shared that he would like to keep moving forward to take advantage of TDR. He agreed that Shoreline already offers a lot of incentives through form based code, but suggested TDR credits could be bought to get above the 70' height limit without requiring a developer agreement. He said he would also be comfortable considering allowing a limited number of developments to use TDR in lieu of housing affordability requirements. He conveyed that he does not want to do anything that would cost tax payers money, and noted that the program is worth implementing even though only a handful of cities have done so. He talked about the region's rapid growth and the City's goal to densify Shoreline. He stressed the need to preserve rural open spaces, farmland, and forests since they contribute to the quality of life in the

region. He said moving forward with TDR is consistent with other actions the Council has taken like the Mountain to Sound Greenway Designation and Tree City USA.

Councilmember Scully said he agrees with Councilmember Hall on the benefits of the program, and talked about the difficulty of getting developers to buy credits. He stated that he hesitates to look at amending the affordable housing protections and said he does not want to lose those, or sacrifice one for the other. He proposed height options could include adding an extra story, or the City could consider dropping maximum allowable height if a Developer does not participate in affordable housing or LCLIP. He expressed that he shares staff's concerns over whether this program will work long term, but said it is too soon to discontinue the process. He cautioned the City to never go out for a bond counting on LCLIP as a revenue source.

Councilmember McGlashan asked if the program requires the City to choose between affordable housing and TDR, and questioned why there cannot be both. Mr. Szafran responded that the affordability component is not associated with the 8-Year Property Tax Exemption Program (PTE), and conversely the 12-Year PTE requires developers to provide 20 units of affordable housing, and sees it as a one or the other situation. Ms. Lane added that developers would either payout money up front for the TDR, or get a long property tax exemption, and after doing the math they would choose one or the other. Mr. Szafran and Ms. Lane agreed that the Council could require a mandate. Councilmember McGlashan agreed to continue moving forward on this matter.

Deputy Mayor Winstead said she appreciates being presented both sides of the program and believes that the Council should not give up on it yet. She said she does not want to bond against something that is not a permanent revenue stream. She shared that she recently visited a hiking trail and commented on it being jammed packed, and said recreation opportunities in the region are desired and needed. She also expressed that she does not want to sacrifice affordable housing for the program.

Mayor Roberts said he generally agrees with his colleagues, but thinks that there are other priorities that should come before implementing LCLIP, and could include purchasing credits at the developer agreement level. He said it seems the majority of Councilmembers want to move forward with TDR, but he is not sure if LCLIP is the right program for Shoreline. He recommended revising the developer agreement to identify what the Council wants in exchange for providing additional height options. He asked how many developers are required to purchase credits at the minimum level to determine if the program is viable, and how credits are calculated. Ms. Lane responded that they would need to calculate that information and report it back to the Council. Mr. Szafran added that the Council's makes the determination on how much they want to buy into the program, and can commit to all the credits or something less. Rachael Markle, Planning and Community Development Director, responded that it is the City's discretion to determine how many credits would be required to add a floor above the height requirements.

Councilmember Hall pointed out that there are ways to reduce the transaction costs of getting into the program like adopting model language, instead of using an interlocal agreement, and establishing the regional marketplace that is allowed under State Law. He said he wants staff to

continue working on the proposal, an updated analysis, and to talk about it at the Goal Setting Retreat, the Planning Commission Joint Meeting, and to get something in place by 2020.

Councilmember Scully clarified that his comments were pertaining to the LCLIP because there would be no tax revenue benefit to the City for just a TDR Program.

(b) Discussing Ordinance No. 805 - Final 2017 Budget Amendment

Sara Lane, Administrative Services Director, provided an overview of the 2017 Final Budget Amendment, stated the total amendment request shows a \$16,905,561 decrease, primarily because the Wastewater Utility Fund reflects ten weeks of operational costs instead of a year. She said the Amendment is scheduled for adoption with the 2018 Budget on November 20, 2017.

(c) Discussing Ordinance No. 799 - Amending Shoreline Municipal Code Section 2.30.040 Establishing Maximum and Minimum Allotments for Employee Health Benefits

Paul Itaoka, Human Resources Director, explained that the City's current medical plans terminate January 1, 2018, and that Ordinance No. 799 establishes contributions towards new employee health plans and makes housekeeping corrections. She stated the next best plans have lower premiums and greater cost sharing at the point of service. She shared that to assist employees in the transition to the new plans the City is freezing its contributions at 2017 levels until the formula results in an increased contribution, which could take anywhere from one to three years.

10. ADJOURNMENT

At 8:13 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk