

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

Tuesday, November 14, 2017
Continued from November 13, 2017
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Roberts, Councilmembers McGlashan, Scully, Hall, and Salomon

ABSENT: Deputy Mayor Winstead and Councilmember McConnell

1. CALL TO ORDER

At 7:00 p.m., Mayor Roberts reconvened the continuation of the November 13, 2017 Regular City Council Meeting.

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 Deputy Mayor Winstead and Councilmember McConnell.

Mayor Roberts announced that Deputy Mayor Winstead is absent for personal reasons and Councilmember McConnell is absent to conduct city business.

(a) Proclamation of America Recycles Day

Mayor Roberts read a proclamation proclaiming November 15, 2017 as America Recycles Day in the City of Shoreline. Meridian Park Elementary School Green Team Students accepted the proclamation and took a photograph with the Mayor.

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 Puget Sound Regional Partnership Meeting and hearing the State of the Sound Report on the progress of protecting the Puget Sound. He shared that although the efforts are making a difference, they are nowhere near what is needed to meet long term targets, particularly Chinook salmon and Orca whale targets.

Mayor Roberts announced that the Sound Cities Association adopted their Legislative Agenda which includes adjusting the property tax cap, investing in public health services, addressing the housing and homelessness crisis, investing in the State's behavioral health system, and enacting legislation to prohibit source of income discrimination.

5. PUBLIC COMMENT

Rev. Kelly Dahlman-Oath, Ronald United Methodist Church, shared that he partnered with the City to open Compass Housing and the Hopelink food bank, and understands that the homeless situation is not solved. He said the Church allows people to sleep in their car in the parking lot while they wait for housing. He explained while it is not a good solution, prohibiting human habitation in vehicles will create legal issues and make it more difficult for homeless persons.

Christine Gildon, Richmond Beach resident, shared that she was part of the team that developed the Richmond Beach Neighborhood Traffic Study, and noted that there are problems with the Richmond Beach Road Rechannelization Project. She explained that the City Council is not getting what they asked for and stressed that two lanes going up Richmond Beach Road, between 8th Avenue and 15th Avenue NW, are needed because of the steep hills and blind spots. She requested that the Public Works Department review the data because the proposed rechannelization will not be safe. She asked the Council to ensure that there is a review process, funding to repaint the road, and provided data for them to review.

Norma Jordan, Shoreline resident, said she cannot imagine one lane going up Richmond Beach Road. She asked the City not to discount the Richmond Beach Neighborhood Traffic Study, and noted safety was the first priority of the study. She shared that she had two fender benders on the road in front of QFC and was told by Police Officers that it is a famous place for accidents. She submitted her notes to the Council to review.

Glen Halverson, Richmond Beach resident, commented that he is passionate about Richmond Beach, and explained why four lanes are needed for tanker truck traffic. He talked about the history of Richmond Beach and said there is always a lot of activity there. He said school and Metro buses will constrict traffic and shared how the added travel time on the road will increase emissions. He said Richmond Beach Road is the Community's life line.

Sherry Hill, Richmond Beach resident, expressed concern about the poor public process regarding the Richmond Beach Road Rechannelization project and said advertising for the meeting was poorly done. She said she had to request flyers to distribute herself and that no City Councilmembers were present at the meeting. She said the Plan has been reverse engineered with one predetermined outcome in mind, without public input or buy in. She cautioned that traffic will cut through neighborhood streets not designed to serve as arterial streets.

Lauri St. Ours, Director of Government and Labor Relations for the Washington State Health Care Association, said she recently asked the Council to help residential long-term care providers with the Business and Occupation (B&O) Tax proposal by exempting Medicaid revenues and recognizing that there is no opportunity to recoup these dollars. She asked the Council to consider taxation at the lower retail rate, rather than service rate, because of their low profit

margin, and to acknowledge that the consumers that will ultimately bare the cost are often on low fixed incomes.

Jackson Owen, Shoreline Health and Rehabilitation Administrator, asked the Council to exempt Medicaid dollars from the B&O Tax, and said the State of Washington currently does. He said the majority of their residents are on Medicaid, noted their profit margins are extremely small, and that they often operate their facilities at a loss.

Brian Newberry, owner of two skilled nursing facilities in Shoreline, voiced his support for the exemption of the B&O Tax on Medicaid dollars. He talked about the important services they offer the Community, and explained that they do not generate earning from Medicaid dollars.

Rev. Bill Kirlin-Hackett, Interfaith Task Force on Homelessness Director, talked about Shoreline’s involvement in addressing homelessness and cautioned the City against implementing city codes that criminalize homelessness. He distributed information addressing people living in vehicles and talked about Seattle’s approach to address this issue. He stated that there have been no cars impounded from people living in them over the last six and half years due to the work performed by the Task Force. He pointed out that two-thirds of homeless people in King County are living in their vehicles in Seattle. He said the Task Force focus is on public safety and harm reduction.

6. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

7. CONSENT CALENDAR

Upon motion by Councilmember McGlashan and seconded by Councilmember Hall and unanimously carried, 5-0, the following Consent Calendar items were approved:

- (a) **Approving Minutes of Special Meeting of October 30, 2017**
- (b) **Approving Expenses and Payroll as of October 27, 2017 in the Amount of \$3,926,321.86**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
9/24/17-10/7/17	10/13/2017	74638-74864	15263-15279	68343-68349	\$568,988.35
					<u>\$568,988.35</u>

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
10/26/2017	1126	\$7,557.65
		<u>\$7,557.65</u>

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
10/12/2017	68259	68278	\$449,117.12
10/12/2017	68279	68305	\$45,109.64
10/18/2017	68306	68307	\$57,656.09
10/18/2017	68308	68308	\$1,589.63
10/19/2017	68309	68322	\$1,257,199.15
10/19/2017	68323	68342	\$171,543.84
10/26/2017	68350	68370	\$332,524.41
10/26/2017	64847	64847	(\$175.20)
10/26/2017	68371	68371	\$175.20
10/26/2017	68372	68399	\$1,032,619.91
10/26/2017	68400	68407	\$2,416.07
			<u>\$3,349,775.86</u>

- (c) **Adopting Ordinance No. 802 - 2017 Comprehensive Plan Annual Docket Amendments**
- (d) **Adopting Resolution No. 420 - Amending the Authorized Individuals for Investments in the Washington State Local Government Investment Pool**
- (e) **Authorizing the City Manager to Increase the Janitorial Services Contracts with Varsity Facilities Services in the Amount of \$63,097 to Clean Shoreline City Hall Including the Police Addition**
- (f) **Authorizing the City Manager to Enter into a Grant Agreement with the King County Best Start for Kids Youth Development in the Amount of \$543,355 for Youth Outreach Leadership and Opportunities**
- (g) **Authorizing the City Manager to Execute a Contract with Hough Beck & Baird Inc. (HBB) Landscape Architecture, in the Amount of \$127,226 for Shoreline Parks Concept Design Plans**

8. ACTION ITEMS

- (a) **Public Hearing and Discussing the Proposed 2018 Budget and 2018-2023 Capital Improvement Plan**

Sara Lane, Administrative Services Director, and Rick Kirkwood, Budget Supervisor, provided the staff report. Ms. Lane reviewed the 2018 Budget schedule, and said the Budget is available at Shoreline Libraries, on the City's website, and at City Hall. She reviewed that the 2018 Budget totals \$85.142 Million and said tonight's presentation focuses on expenditures. She stated 2018 Expenditures total to \$79.939 Million and include: \$44.204 Million in City Services representing 55% of total expenditures; \$15.921 Million in Facilities, Parks and Transportation Capital Projects representing 20% of total expenditures; \$5.999 Million in Surface Water Utility representing 7% of total expenditures; \$2.112 in Wastewater representing 3% of total expenditures; and \$11.702 Million in Other representing 15% of total expenditures. She presented a table showing the Budget by Fund and a chart showing Operating Revenues by Source. She said Property Tax, Sales Tax, Franchise Fee/Contract Payments, and Utility Tax make up the major tax revenues. She reviewed 2017 and 2018 Operating Revenue Comparisons and said a small growth is projected. She stated the Operating Budget Expenditures is \$49.039 Million, and noted that Public Safety makes up the largest portion at 31%.

Ms. Lane stated the 2018 Capital Improvement Plan (CIP) is \$16.471 Million and includes: \$11.130 Million for Transportation representing 68% of the CIP Budget; \$5.188 Million for Facilities and Parks representing 31% of the CIP Budget; and \$153,000 in Facilities Major Maintenance representing 1% of the CIP Budget.

Ms. Lane stated that the Surface Water Utility operates as an enterprise, its expenses total to \$6.926 Million, and include: \$4.440 Million for the Operating Budget; \$1.617 Million for the Capital Budget; and \$869,000 for Debt Service.

At 7:44 p.m., Mayor Roberts continued the Public Hearing from November 13, 2017, and seeing no one wanting to provide comment, he closed the Hearing.

Ms. Lane reviewed the recommended fee changes include: increasing Consumer Price Index-Urban Consumers (CPI-U) to 2.99%; incorporating cost recovery objectives; and increasing the Surface Water Utility Fee by 27% to deliver the Proactive Management Strategy.

Ms. Lane shared that 2018 General Reserves totals to \$13.794 Million.

Ms. Lane reviewed 2018 Proposed Budget Amendments are:

- Proposed Amendment 1 (Mayor Roberts)
Increase General Fund allocations by \$11,500 to join the United States Conference of Mayors and associated travel costs.
- Proposed Amendment 2 (Councilmember Salomon)
Reduce the General Fund appropriations by \$80,000 by eliminating the Salmon Safe Certification program.
- Proposed Amendment 3 (Councilmember Salomon)
Amend Fee Schedule 3.01.015 Transportation Impact Fees by reducing fees by 0.4%.

- Proposed Amendment 4 (Councilmember Scully)
A request to fund the PROS Plan Item 41, Firlands Way Park Greenway Development.

Ms. Lane explained that Ordinance No. 806 is for the 2018 Operating and 2018 CIP Budget Adoption in the amount of \$79,983,694; and that Ordinance No. 807 is for the Regular Property Tax Levy with an increase of \$367,792, or 2.99%, and other allowed increases; and is scheduled for adoption on November 20, 2018.

Councilmember Scully said he wants to co-sponsor Amendment 2, and clarified that the \$30,000 will not be dedicated to Salmon Safe public outreach, but to support environment issues. He stated he would like an amendment to preserve the \$30,000 for sustainability efforts, and to reduce the Budget by \$50,000 to eliminate the Salmon Safe Certification.

Councilmember Salomon asked clarifying questions about the Firlands project. Ms. Tarry responded that the project is in the PROS Plan and it is not scheduled to be funded at this time. She said staff will follow up with additional information to the Council about the project.

Mayor Roberts explained that although \$11,000 would be budgeted for the Mayor's Conference, it will only be spent if the Mayor attends both conferences. He said he has noticed how well the conference has advocated for federal legislation beneficial to cities. Councilmember Hall requested information on how much money in recent years has been spent on travel for Mayors, for an updated table showing the cost and role of the City's membership organizations, and what support they provide to the City. Councilmember McGlashan asked for numbers identifying how many strong Mayors attend the conference versus Mayors from a City Council-City Manager form of government.

- (b) Adopting Ordinance No. 803 - Amendments to SMC Chapter 10.05 Model Traffic Ordinance Adding Parking Restriction for Bicycle, Transit and Turn Only Lanes

Kendra Dedinsky, Traffic Engineer, reviewed amendments proposed in Ordinance No. 803 are as follows:

- No parking within designated bike lanes
- No parking within designated bus lanes
- No parking within designated turn lanes
- 72 hour time limit for parking before vehicle must be moved.

She recalled Council's October 30, 2017 discussion about the Model Traffic Ordinance, and noted that Council expressed concern about criminalizing homelessness by restricting human habitation in the right-of-way, and the consideration of removing the 72 hour maximum time limit for boats parked in the right-of-way. She explained that staff needs additional time to study the human habitation piece in more detail before recommending changes to the Municipal Code. She said staff did not find any regional examples to exempt boats from the maximum time parked rule, and explained why it would appear to be discriminatory.

Councilmember Scully moved to not adopt any of the proposed changes in Ordinance No. 803, and to reschedule consideration of it at a time staff can come back with a solution for human habitation. The motion was seconded by Councilmember Salomon.

Councilmember Scully noted Council's concern with the human habitation piece, and stated the motion provides staff more time to come up with options, and allow for public input.

Councilmember Hall declared Point of Order and asked for clarification of the motion.

At 8:03 p.m., Mayor Roberts called a five minutes recess to confer with the City Attorney and City Clerk. The meeting was reconvened at 8:08 p.m.

Councilmember Scully withdrew his motion and moved to continue the discussion of Ordinance No. 803 on a date certain of February 5, 2018. The motion was second by Councilmember Salomon.

Councilmember Salomon reiterated his concern about Section 19, the 72 hour parking time limit and the human habitation piece. He said his initial proposal was intended to allow human habitation in vehicles for 72 hours. He proposed working with the faith community on this issue and crafting a better proposal. He said he supports moving the discussion to February 5, 2018.

Councilmember Hall opposed the motion and explained that he wants to focus on addressing the issue of parking in bike and bus lanes now to correct a known problem presented by staff. He agreed that human habitation is a problem and needs to be address. He said people need options other than sleeping in vehicles and recommended working with churches and other agencies to address homelessness. Councilmember McGlashan concurred and said he will also not be supporting the motion. He said he would like to hear from the faith community and human service agencies. He pointed out that since the City restriped the bike lanes that this has become a more urgent matter.

Councilmember Scully expressed that human habitation is an urgent matter that needs to be addressed as soon as possible, and shared that he does not want it postponed due to other city workplan priorities.

Mayor Roberts stated he is also opposing the motion, and explained that the Council can direct staff when to bring back the human habitation piece.

Councilmember Salomon said he supports passing Ordinance No. 803 tonight with the exception of Section 19. He said he does not believe human habitation should be allowed in cars for a long period of time, and was hoping to limit it to 72 hours once or twice a year. He said he would also like to hear from members of the community. Ms. Dedinsky responded that the intent of 72 hour time limit was to keep inoperable vehicles off of the right-of-way.

The motioned failed 2-3, with Councilmembers Scully and Salomon voting yes.

Councilmember Hall moved Ordinance No. 803. The motion was seconded by Councilmember McGlashan.

Councilmember Hall moved to amend the motion to strike Section 19 from the Ordinance. The motion was seconded by Councilmember Scully.

Councilmember Hall shared that the Ordinance will help keep people safe in the bike lanes. He said he would like staff to bring back the issue of human habitation in vehicles and parking time limits at another time.

The motion to strike Section 19 of Ordinance No. 803 passed unanimously, 5-0.

The motion to adopt Ordinance No. 803, as amended passed, unanimously, 5-0.

Councilmember Hall moved to ask staff to work with the faith community and other human services and housing partners to bring options and a recommendation to Council for addressing human habitation in vehicles and a time limit for parking, no later than March 31, 2018. The motion was seconded by Councilmember Salomon.

Councilmember Hall said he agrees with Councilmember Scully's previous motion regarding human habitation and that this motion allows staff time to work with the faith community and other providers on this issue.

Mayor Roberts asked for staff input about complying with the March 31, 2018 date. Ms. Tarry responded that she will confer with staff and let the Council know if the date cannot be accommodated in their work plans.

The motion passed unanimously, 5-0.

9. **STUDY ITEMS**

- (a) Discussing Ord. No. 808 - Business and Occupation Tax

Sara Lane, Administrative Service Director, and Rick Kirkwood, Budget Supervisor, provided the staff report. Ms. Lane provided background regarding the consideration of the Business & Occupation (B&O) Tax as Strategy 6 of the 10 Year Financial Sustainability Plan (YFSP), and reviewed outreach performed to businesses. She reviewed that Proposed Ordinance No. 808 is authorized under RCW 35A.82.020, aligns with the State's Model B&O Tax Ordinance, and creates two new sections in the Shoreline Municipal Code.

Ms. Lane presented the 10-YFSP Forecast Model noting that in 2020 expenditures will exceed revenues. She explained that the B&O tax will help the City address long-term structural imbalances and push out the financial gap to 2023. She conveyed that data includes current operating expenses, but does not address one-time unmet needs. She displayed a chart depicting commercial versus non-commercial share of the property tax levy, and pointed out that the commercial property tax percentage is decreasing.

Ms. Lane reviewed the policy questions for the Council to address are: rate of tax; creation of a classification for residential care facilities; exemptions and deductions; filing exemption threshold; exemptions and deductions, credits and allocations; deduction for State Medicaid payments; and effective date. She stated staff's recommendations are to set a tax rate at .001 for all classification other than service, which would be set at .002; no separate classification for residential care facilities; a filing exemption threshold of \$200,000 annually, \$50,000 quarterly; implement mandatory and standard exemptions and deductions, and exempt revenues subject to other City gross receipts tax, and from non-profits; implement mandatory and standard deductions, credits and allocations; allow deduction for State Medicaid payment; and an effective date of January 1, 2019. She then reviewed implementation steps and said the Ordinance is scheduled for adoption on December 4, 2017.

Councilmember Scully asked how the City will collect the tax and how revenue is accessed from online businesses. Ms. Lane responded that tax returns are sent to registered businesses on a quarterly or annual basis, and that payments can be made through the mail, or online. She said it will be a challenge to identify online businesses and that the City will work with the State to identify them. Councilmember Scully asked if there is a legal reason why the City cannot assign the .001 rate to the long term care facilities. Ms. Lane responded that it is a policy choice.

Councilmember McGlashan said he is supportive of 10-YFSP recommendations. He expressed concern if the implementation time is right, and questioned how it would impact economic development and recruiting new businesses to Shoreline. He asked if the tax should be postponed one year, and if the filing exemption should be closer to \$500,000.

Councilmember Hall stated he supports the tax to meet unfunded needs. He said he would prefer a state income tax and that it would be a fairer way to distribute the burden to pay for government services. He said although the B&O tax is imperfect, it is the only direct way to collect revenues from businesses. He pointed out that twice in the past seven years the property tax levy lid lift has passed and the burden to pay for city services has been place on the residents. He said implementing the B&O tax shifts some of the burden to businesses and makes the system somewhat more equitable. Councilmember Scully said he concurs with Councilmember Hall and that the item should not be on the Consent Calendar to allow for additional public input.

Councilmember Salomon expressed that he does not think it is a good idea to implement a tax when the City is not running at a deficit, and suggested coinciding implementation with the projected deficit. He expressed concern that businesses with high revenues but low profit yields are taxed at the same rate as businesses with higher profit yields, and said this could be unfair.

Mayor Roberts stated he is in favor of B&O Tax. He stated it is the only way the City can receive taxes from businesses, but said he is not convinced that the way it is collected is fair. He added that not having the tax could make Shoreline more attractive for businesses to locate here. He said if the Council moves forward with implementing a B&O Tax that he agrees with the staff recommendations.

Councilmember Salomon stated that tax dollars, like Medicaid, should not be taxed, and asked for more information on what other revenue can qualify for exemptions.

10. ADJOURNMENT

At 8:54 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

DRAFT