

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF REGULAR MEETING

Monday, December 4, 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 Deputy Mayor Winstead who presided.

2. FLAG SALUTE/ROLL CALL

Deputy Mayor Winstead led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present with the exception of Mayor Roberts and Councilmember McConnell. Deputy Mayor Winstead announced that Mayor Roberts and Councilmember McConnell will be arriving to the meeting shortly.

3. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, provided reports and updates on various City meetings, projects and events.

4. COUNCIL REPORTS

Deputy Mayor Winstead reported that the 32nd District Legislators were guest at tonight's Council Dinner Meeting and Council will be adopting their 2018 Legislative Priorities tonight.

5. PUBLIC COMMENT

Lauri St. Ours, Washington Health Care Association Director of Government Relations, requested that the Council exempt Medicaid revenues from the Business & Occupation (B&O) Tax, and tax long-term care facilities at the retail rate instead of the services rate.

Ginny Scantlebury, Shoreline resident, submitted a petition opposing the Richmond Beach Road Rechannelization Project. She said it is a bad idea and questioned the computer model data being used. She said the road diet will lead to traffic congestion, irritable drives, and will be unsafe. She said very few bikers use Richmond Beach Road and it will never be a fully utilized bike path.

George Mauer, Shoreline resident, said Richmond Beach Road should not be reduced to three lanes to accommodate bikes and it is the Council's responsibility to serve all Shoreline citizens and not a few bicycle clubs to gain State and county funding. He explained why reducing the capacity of the high volume road is ludicrous just to serve a few summer and fair-weather users.

Glen Halverson, Richmond Beach resident, spoke about the traffic count data and questioned the data. He said there are discrepancies in the counts, they are sporadic, and Richmond Beach Road should stay as it is.

Margaret Willson, Richmond Beach Resident, shared that three of the four people she encountered when gathering signatures for the petition were against the road diet. She shared that another forum is needed for public comment. She proposed first trying a road diet between 3rd Avenue and 8th Avenue and evaluate those impacts before changing the entire road. She talked about traffic unpredictability, increased travel time, and read a quote about the value of time.

Councilmember McConnell arrived at 7:17 p.m.

Richard Shilling, Shoreline resident, shared that he was part of the group that initiated the petition. He said over 400 citizens signed the petition and asked the City to pay attention to this. He said the rechannalization is highly unpopular and asked the Council to cancel it.

Karen Gilbertson, Shoreline resident, talked about social engineering and incorrectly using statistical data to justify reducing Richmond Beach Road to two lanes, by not allowing consent, and through manipulation and force. She said bike lanes were similarly installed on 5th Avenue in the Ridgecrest Neighborhood without the residents' consent. She requested that the road be left as it is.

Mayor Roberts arrived at 7:22 p.m.

Rocky Willson, Shoreline resident, said he does not like the rechannalization project. He said if 75% of the community is against the project, the City needs to have another look at it. He said time will be taken away from people stuck in traffic and he recommended installing left hand turn lanes to improve the road. He said he also opposes the B&O Tax because even if people are losing money they will be taxed.

Tom Mailhot, Shoreline resident, urged Council to continue with the Richmond Beach Road Rechannalization Project. He shared that City data and traffic studies show that the road is not safe. He said the traffic study anticipates a one minute delay to travel the length of the corridor and that rechannalization provides a buffer between vehicles and pedestrians, and accommodates a left hand turn into a new multi-home development. He added that it is not just for bicycles, that the plan was carefully studied, and the City should move forward to create a safer road.

Tom McCormick, Shoreline resident, stated he supports the Richmond Beach Road Rechannalization and believes there will be a decrease in collisions. He said it is common for people to speak against road diets and after they are built the dissent goes away. He said the City validated the data through computer modeling and test runs, and he has confidence in City staff.

Mayor Roberts stated this evening he attended a retirement celebration for School Boardmember Debi Ehrlichman and he also attended the beginning of the School Board Meeting.

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, 7-0, the following Consent Calendar items were approved:

- (a) Approving Minutes of Regular Meeting of November 13, 2017**
- (b) Authorizing the City Manager to Execute an Agreement with the North City Water District to Transfer Responsibility for Certain Public Right-of-Way Street Lights to the City of Shoreline**
- (c) Authorizing the City Manager to Execute an Agreement with LPK Inc., dba Innovative Vacuum Services, in the Amount of \$429,303 for the Thornton Creek Drainage Basin Pipe and Condition Assessment Project**

8. ACTION ITEMS

- (a) Adopting the 2018 Legislative Priorities

Scott MacColl, Intergovernmental Program Manager, defined the role of the Legislative Priorities and shared that the 2018 Legislative Session is a Mid-Biennial Budget Year. He noted that the recent election switched control of the State Senate to the Democratic Majority and 2018 is a Legislative election year. He said the budget outlook includes fully funding the McCleary Decision; increased costs at the State level and a decrease in revenues, resulting in a budget gap; and that the funding for the capital budget has not been approved.

Mr. MacColl presented the City's 2018 Legislative Priorities are: Local Government Financial Sustainability and Flexibility; Enhancing the Human Services Safety Net; Passing a Capital Budget; and Infrastructure Funding. He shared legislative issues the City supports include tools to support transit communities; opportunities for redevelopment on excess state property at Fircrest; automatic voter registration; and Water Resource Inventory Area (WRIA) 8 priorities.

Councilmember Salomon stated that WRIA is staffed by biologists and planners, and include a collection of representatives from cities. He said it would be hard to improve upon their legislative priorities and suggested going with their proposals.

Councilmember McGlashan expressed concern about making automatic voter registration a legislative priority until the State enacts legislation so Washington State driver licenses comply with federal regulations. Mayor Roberts stated that Washington became compliant with the Real

ID Act earlier this year. Councilmember Hall noted that the regular driver license still does not allow access to federal buildings, and said he does not object to this proposal.

Deputy Mayor Winstead moved adoption of Legislative Priorities and the Supportive Legislative Issues. The motion was seconded by Councilmember McConnell.

Mayor Roberts expressed support for the Legislative Priorities and Supportive Issues and noted that Washington State enhanced driver license supports automatic voter registration.

The motion passed unanimously, 7-0.

(b) Adopting Ordinance No. 808 - Business and Occupation Tax

Sara Lane, Administrative Services Director, recalled Council's discussion of Proposed Ordinance No. 808 to provide for a Business and Occupation (B&O) Tax. She noted that it is Strategy 6 of the Ten-Year Financial Sustainability Plan to help address long-term structural imbalances. She displayed a chart depicting the Baseline Operating Budget Ten-Year Forecast, and shared that the structure imbalance starts in 2020. She said the gap moves out to 2023 with the implementation of a B&O Tax in 2019 along with other revenue raising strategies. She explained that the forecast only includes current city service levels, and she presented ongoing and one-time unmet needs. She reviewed the commercial versus non-commercial share of the property tax levy and shared that the commercial contribution has been consistently decreasing.

Councilmember Hall moved adoption of Ordinance No. 808. The motion was seconded by Councilmember Scully.

Ms. Lane reviewed potential amendments to Ordinance No. 808 that were discussed by Council are:

- Add a classification of residential care facilities with a rate of .001.
- Add a deduction for State Medicaid revenues paid to residential care facilities.
- Increase filing threshold.
- Change effective dates to January 2020.

Councilmember Hall moved to amend the main motion to add a deduction for State Medicaid revenues paid to residential care facilities. The motion was seconded by Councilmember McConnell.

Councilmember Hall stated that to apply the B&O Tax to Medicaid would take money out of the long term care system needed to operate the facility.

The motion passed unanimously, 7-0.

Councilmember Hall explained that the City is heavily dependent on property taxes to support city services and that the Community has been generous in supporting the levy lid lifts, but stressed it is best to have a diversity of revenue streams. He agreed that it is not fair to tax

revenue, and stated he would rather tax income but it would need to be allowed by the Legislature. He said the B&O Tax is the only legal method provided to allow both residents and businesses to share in paying for city services.

Councilmember McGlashan moved to amend the main motion to increase the filing exemption threshold to \$500,000. The motion was seconded by Councilmember McConnell.

Councilmember McGlashan shared that although small businesses may have gross receipts of \$500,000 that they may not have a lot of profit margin.

The motion passed unanimously, 7-0.

Councilmember Scully spoke in favor of the main motion, as amended, and shared that the 2018 Budget was adopted with a property tax increase and the premise of the implementation of the B&O Tax. He stated that unless cuts are made, the B&O Tax is necessary to meet projected funding gaps. He agreed with Councilmember Hall that without an income tax the B&O tax is one of the few options the City has for raising revenue.

Councilmember Salomon said he will be opposing the B&O Tax and expressed concern that it will undermine the City's goals of enhancing business development in Shoreline. He added that the tax is not fair to all business models and proposed that cuts be made in the future to address the budget deficit.

Mayor Roberts asked what the anticipated revenue loss will be with increasing the filing threshold to \$500,000, and noted that 25% of the revenue is allocated for the cost of setting up the system and enforcement of it. Ms. Lane responded that the anticipated revenue loss is around \$100,000. She noted the total estimated revenue was originally \$1 Million. Mayor Roberts expressed concern about the impact of a B&O Tax on businesses that meet the threshold based on receipts but have a low profit margin and wants to delay implementation to see where the City is financially. He said the projected revenue will not significantly impact the budget, and there is a need to identify how the additional revenue will be reinvested in the business community. He said he will not be supporting the motion.

Councilmember Scully stated that it troubles him to have to tie a direct benefit to a subset of the community in order to tax them. He said businesses benefit from the same services that citizens benefit from.

Councilmember McConnell stated that businesses need to contribute to paying for city services, and since the \$500,000 exemption threshold will exempt smaller businesses, she will support the motion and a 2019 implementation date.

Deputy Mayor Winstead shared that she served on the Ten-Year Financial Sustainability Committee and the B&O tax was a strategy recommended by the Committee and approved by the Council to raise revenue. She said the City has worked with the business community to solicit feedback and it resulted in an amendment for long-term care facilities. She noted that although the City does not presently have a budget gap, the City should not wait until a deficit to

implement strategies. She stated that the citizens are willing to pay for city services as demonstrated by the passage of the levy lid lift and that it is only fair for businesses to do the same as they too benefit from city services. She said she will be supporting the motion.

Councilmember Salomon noted that business do pay their fair share to support city services in the form of property and sales taxes. Deputy Mayor Winstead clarified that sales tax is a tax that is collected by businesses but is paid by consumers.

Councilmember Hall moved to authorize the City Manager or her designee to make the necessary revisions to Ordinance No. 808 and exhibits consistent with adopted amendments. The motion was seconded by Councilmember McConnell and passed unanimously, 7-0.

The vote on the main motion, as amended, passed 5-2 with Mayor Roberts and Councilmember Salomon voting no.

9. STUDY ITEMS

(a) Update of the 2017 Surface Water Master Plan

Uki Dele, Surface Water Manager, and Nathan Foged, Brown and Caldwell Consultant, provided the staff report. Ms. Dele provided an overview of the level of service, level of service targets, and the Proactive Management Strategies selected by the Council to be implemented in 2018. She said the strategy includes construction of new projects and implementation of new/enhanced programs that address high priority long-term needs and anticipated regulatory requirements; 25 projects in the 6-year Capital Improvement Plan; Implementation of 24 programs; and an additional 3.5 Full-Time Employees.

Mr. Foged reviewed the importance of aligning the needs of service requestors with the service provider, identified the process for meeting levels of service goals, and reviewed program success measurements. He stated that staff is currently identifying key performance indicators.

Ms. Dele reviewed the criteria used to determine where the City is at in meeting levels of service, and said currently the City is below expectations. She shared the Proactive Management Strategy will allow the City to meet levels of service expectations by 2023 and reviewed how this will happen. She thanked the Council and the City Manager for supporting this project and shared that it received recognition from the 2017 National Stormwater Conference and will be featured in the Stormwater Magazine May 2018 Issue. She reviewed next steps in the process, and noted adoption of the Plan is scheduled for December 2018 as a part of the Comprehensive Plan Amendment Docket.

Councilmember Hall expressed concern that the rate increase over a 6-year period is too high. Councilmember Scully thanked staff for the report and said he likes the substance and list of projects. He shares Councilmember Hall's concern on the cost of the program and emphasized that staff must deliver on the projects that the rate increase fund.

Mayor Roberts asked if staff anticipates projects to rise and fall on the priority lists based on some of the CIP work that will be done in 2018/2019. Ms. Dele said she does not anticipate projects shifting because the projects have already been identified and ranked.

10. ADJOURNMENT

At 8:30 p.m., Mayor Roberts declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk

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