

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussing the 2019 State Legislative Priorities		
<b>DEPARTMENT:</b>	City Manager's Office		
<b>PRESENTED BY:</b>	Jim Hammond, Intergovernmental Program Manager		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

This staff report previews the upcoming 2019 Legislative Session and discusses the City's proposed 2019 Legislative Priorities ("Priorities"). For 2019, staff proposes continuing the request for local government financial sustainability and flexibility; continuing support for dedicated state revenues for the human services safety net, including affordable housing, homelessness services, and the behavioral health and chemical dependency systems; advocating for a system-wide approach to addressing fish-blocking culverts that includes funding for local government participation; and supporting changes to state law that encourage the construction of affordable condominiums while maintaining consumer protections.

In addition, the priorities would direct staff to track and seek opportunities to engage on key local projects, including the N 145<sup>th</sup> Street/I-5 interchange, a pedestrian/bicycle bridge at N 148<sup>th</sup> Street that would connect neighborhoods to the 145<sup>th</sup> Street Light Rail Station, the proposed Community and Aquatics Center, and Fircrest Campus underutilized property redevelopment.

**RESOURCES/FINANCIAL IMPACT:**

This item has no direct financial impact.

**RECOMMENDATION**

No action is required tonight; this item is for discussion purposes only. Staff recommends that the City Council move to adopt the 2018 Legislative Priorities when this item is brought back to Council for adoption on December 10, 2018.

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

## **BACKGROUND**

2019 is the start of the 2019-2021 biennium, or 'long' session, which is scheduled to last 105 days. The City's legislative priorities provide policy direction in a highly fluid and dynamic legislative environment. They guide staff in determining 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.

The legislative priorities are the general policy positions that provide staff and Council representatives the flexibility to respond to requests for information and input. Key topics of legislation that do not fall under the adopted Legislative Priorities will be presented to the Council in regular briefings. The City also continues to partner with the Association of Washington Cities (AWC) and Sound Cities Association (SCA), which provides a consistent voice and a strong presence for cities in Olympia.

## **DISCUSSION**

Staff proposes the attached draft 2019 State Legislative Priorities (Attachment A) for Council for review and potential approval.

### **AWC Priorities/Concerns**

With the engagement of City Councilmembers and staff, AWC arrived at a legislative agenda for the 2019 session that calls out six key issue areas:

**1. Support economic development tools to encourage job creation and economic growth.**

Washington's cities need additional economic development tools that assist in maintaining, expanding, and modernizing local infrastructure to help spur local private sector investment. By supporting value capture financing, the Legislature can partner with cities and towns to advance our shared goals of building a robust and diverse economy for communities around the state.

**2. Keep the Public Works Trust Fund in working order.**

Cities support ongoing investment in the various infrastructure funding programs sponsored by the state. In particular, the Public Works Trust Fund (PWTF) is a crucial funding partner in AWC's efforts to provide the necessary infrastructure for Washington communities. AWC will seek full funding for the Public Works Board's \$217 million budget, funded from the current stream of loan repayments and the 2 percent of REET dedicated to the account. Additionally, AWC will look to strengthen the program by ending REET fund diversions from the account now instead of waiting until 2023.

**3. Invest in affordable housing.**

Communities around the state are facing a housing affordability crisis. Cities support an ongoing \$200 million capital budget investment in the Housing Trust Fund, a \$20 million per year local government revenue sharing proposal, and \$1.5 million per year for reinvestment of the sales tax from the construction of multifamily development. In addition, cities support proposals that remove barriers to affordable housing, including voluntary density and infill development solutions, opportunities for creating shared housing, and addressing condominium liability to expand housing choices.

**4. Fund a systems approach to correct fish-blocking culverts.**

AWC and state agency partners are focused on developing and funding a comprehensive statewide approach to fix salmon-blocking culverts. In order to achieve meaningful salmon and orca recovery, cities need ongoing and significant funding to upgrade city culverts. This critical investment will support fish passage by maximizing collaboration with the state's legal obligation to upgrade its culverts, while also addressing other critical needs like stormwater and water quality. Cities support creating a permanent framework to fund system-wide corrections that begins with fully funding the Fish Barrier Removal Board this biennium, including capacity for a grant program in the second half of the biennium. An effective framework also includes a commitment to future investment.

**5. Address a failing behavioral health system.**

Cities are experiencing the ramifications of an overwhelmed mental health and drug abuse response system. The state needs to make investments sufficient to improve access to these systems and their success across the state. Cities will work with the state to pursue enhancements and reforms to the behavioral health delivery systems including engaging with mental health transformation proposals, the Trueblood settlement, making permanent the mental health co-responder program, and supporting comprehensive opioid response legislation.

**6. Provide responsive funding for the Criminal Justice Training Commission.**

Cities need a responsive funding model for the Criminal Justice Training Commission to ensure that newly-hired law enforcement officers and corrections officers have timely access to basic training. Cities seek funding for at least 19 Basic Law Enforcement Academy (BLEA) classes per year and at least seven Corrections Officer Academy classes per year in order to meet our public safety needs.

**Shoreline Priorities/Concerns**

Below are the proposed specific legislative priorities and a list of issues the City supports:

## 1. Local Government Financial Sustainability and Flexibility.

Building on the conversation started with legislators over the past several 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.

Opportunities for impact include:

- a. *1% Property tax limit.* This existing limit does not keep pace with inflation and restricts cities' ability to maintain services. Setting a limit 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.
- c. *Maintenance of the state's obligation to share revenues with cities and restore city revenue that has been diverted.* The local share of revenues from liquor sales changed after the privatization initiative passed in 2011, and as a result, local government has seen its share of revenue decline. Efforts are underway to improve the equity of revenue sharing. Shared revenue from cannabis sales is another area of concern.

## 2. Support Affordable Housing—existing programs, new resources, incentives, and removal of barriers.

There is growing awareness of the need to expand the supply of affordable housing, and the legislature has taken many positive steps in recent years. Key initiatives fall under several categories:

- a. *Invest in existing subsidized housing programs.* Make an ongoing \$200 million investment in the Housing Trust Fund. This existing program is the preeminent tool in the state to fund capital construction of affordable housing.
- b. *Provide greater flexibility for programs that support affordable housing.*  
Actions could include:
  - i. Extend the authority to use REET for affordable housing;
  - ii. Expand and refine the Multifamily Tax Exemption Program;
  - iii. Strengthen city decision-making role in allocating resources provided to counties to address housing and homelessness in cities; and
  - iv. Provide greater authority and reimbursements to exempt affordable housing projects from development fees.
- c. *Create new local authority options.* There were proposals last session that started to gain traction.
  - i. Invest \$20 million per year in a new local government revenue sharing proposal (compare HB 2437 in 2018 session); and

- ii. Invest \$1.5 million per year for a pilot to allow for reinvestment of the sales tax from the construction of multifamily development modeled on HB 1797 (2018 session).
- d. *Remove barriers.* Find ways to create more affordable housing options, such as:
  - i. Provide incentives or otherwise support voluntary city efforts to create density and infill development solutions;
  - ii. Explore opportunities for shared housing; and
  - iii. Support changes to the Washington Condominium Act to encourage construction of affordable condominiums while maintaining consumer protections.

**3. Support investments in the behavioral health system to improve mental health and chemical dependency systems.**

Provide additional resources, including coordinated treatment, increasing treatment beds, support for step-down services, and programs for transient drug populations.

- a. *Ensure the mental health system transformation supports the City's ability to manage its responsibilities.* Governor Jay Inslee is proposing a five-year plan to modernize and transform the state's mental health delivery system. Cities need a mental health system that provides regional equity so that all areas of the state have access to good quality mental health facilities. Cities are also facing an acute lack of supportive housing for people with long-term behavioral health challenges. An effective transformation proposal must address this reality or it will only provide a temporary bandage to the current mental health system and, worse, it will exacerbate the homelessness crisis facing our state.
- b. *Support a comprehensive opioid response.* The passage of the secure drug take-back law in 2018 was an important step to reduce the availability of opioids for abuse. But more action is needed. Working with AWC, the City will support proposals that give providers, pharmacists and others alternatives and support in reducing opioid use and availability.
- c. *Support new funding for the mental health/police department co-responder program.* The pilot grant program funds local police departments to hire and utilize mental health professionals in partnership with their officers in the field so that individuals can be connected with services and care rather than defaulting into the criminal justice system. But it will expire without new funding.

**4. Infrastructure Funding.**

In order to build essential infrastructure systems, cities rely on state and federal assistance. Assistance programs include the Public Works Trust Fund, toxic cleanup accounts, Centennial Clean Water Fund, and federal revolving funds. However, diversion from these programs that support basic local infrastructure leaves communities unable to affordably maintain and secure new infrastructure.

## 5. Culverts and Salmon Recovery.

Investing only in state-owned culverts without addressing all barriers will not achieve the goal of salmon recovery. With AWC, the City supports:

- a. A comprehensive, statewide approach to fix salmon-blocking culverts, which also helps address other critical needs like stormwater and water quality;
- b. A permanent framework to fund system-wide corrections that begins with fully funding the Fish Barrier Removal Board this biennium;
- c. Capacity for a grant program in the second half of the biennium; and
- d. A commitment to future investment.

### **City-Specific Priorities**

1. *N 145<sup>th</sup> Street/I-5 Interchange.* In the event the legislature moves to assemble any package of transportation improvements, the City will work to ensure this critical interchange is included in funding appropriations.
2. *N 148<sup>th</sup> Street Pedestrian/Bicycle Bridge & Community and Aquatics Center.* Research and pursue promising leads for state-level participation in these local capital investments.
3. *Fircrest Campus Underutilized Property Redevelopment.* Monitor activity both in the legislature and executive branch relating to Fircrest operations and the potential for redevelopment; ensure consideration of Shoreline's role, interests and values.

### **RESOURCES/FINANCIAL IMPACT**

This item has no direct financial impact.

### **RECOMMENDATION**

No action is required tonight; this item is for discussion purposes only. Staff recommends that the City Council move to adopt the 2019 Legislative Priorities when this item is brought back to Council for adoption on December 10, 2018.

### **ATTACHMENTS**

Attachment A: Draft 2019 Legislative Priorities



## 2019 Shoreline Legislative Priorities [DRAFT]

### Legislative Issues the City Supports:

- Support Local Government Financial Sustainability and Flexibility:
  - Revise the 1% property tax limitation to allow more flexibility for cities.
  - Increase flexibility on existing revenues to allow cities to meet critical needs.
  - Maintain the state's obligation to share revenues with cities and restore city revenue that has been diverted.
  - Full and adequate funding to meet the State's obligation for the Law Enforcement and Corrections Officer Academies.
- State investment and financial support to address homelessness, affordable housing, behavioral health, and chemical dependency services.
- Develop a systems-wide approach to correct fish-blocking culverts that includes funding for local governments.
- Enhance economic development tools that support reinvestment in local infrastructure.
- Support changes to the Washington Condominium Act to encourage construction of affordable condominiums while maintaining consumer protections.

### Shoreline-Specific Project Interests:

- Maintain project visibility for the N 145<sup>th</sup> Street/I-5 Interchange as a strong candidate for any state transportation package.
- Pursue funding support for a non-motorized pedestrian/bicycle bridge to integrate connections to the Shoreline South/145<sup>th</sup> Street light rail station and for a new Community and Aquatics Center.
- Monitor activity both in the legislature and executive branch relating to Fircrest operations and the potential for redevelopment of unfertilized property on the campus.