

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

Monday, September 13, 2021
7:00 p.m.

Held Remotely via Zoom

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

ABSENT: None.

1. CALL TO ORDER

At 7:00 p.m., the meeting was called to order by Mayor Hall who presided.

2. ROLL CALL

Upon roll call by the City Clerk, all Councilmembers were present.

(a) Proclamation of Welcoming Week

Mayor Hall emphasized the importance of Shoreline being a welcoming community in which everyone feels safe.

3. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

4. REPORT OF CITY MANAGER

John Norris, Assistant City Manager, provided an update on COVID-19 and reported on various City meetings, projects, and events.

5. COUNCIL REPORTS

Mayor Hall said he gave opening remarks at the Seattle Film Summit and said he received positive feedback on the City's filmmaking regulations.

6. PUBLIC COMMENT

Daniel Wick spoke regarding the Multi-Family Tax Exemption Program and said the 12-year tax abatement model has been helpful. He said it is an ongoing financial challenge to build projects out and urged support for a 20-year program.

Jackie Kurlle, Shoreline resident, spoke regarding the Enhanced Shelter. She commented on the general success of the Shelter to date and encourage Shelter staff to engage in outreach when nonresidents are present in adjacent areas.

7. CONSENT CALENDAR

Upon motion by Deputy Mayor Scully and seconded by Councilmember McConnell and unanimously carried, 7-0, the following Consent Calendar items were approved:

- (a) Approval of Minutes of Regular Meeting of July 26, 2021
Approval of Minutes of Regular Meeting of August 2, 2021**

- (b) Approval of Expenses and Payroll as of August 27, 2021 in the Amount of \$11,751,472.68**

***Payroll and Benefits:**

Payroll Period	Payment Date	EFT Numbers (EF)	Payroll Checks (PR)	Benefit Checks (AP)	Amount Paid
06/27/21-07/10/21	7/16/2021		17499		\$101.80
07/11/21-07/24/21	7/31/2021	98068-98290	17500-17534	83087-83091	\$820,371.59
07/11/21-07/24/21	7/31/2021			WT1198	\$108,888.37
07/25/21-08/06/21	8/13/2021	98291-98522	17535-17569	83184-83187	\$665,032.30
07/25/21-08/06/21	8/13/2021			WT1200- WT1201	\$108,056.33
Q2 2021 L&I	7/29/2021			83022	\$40,325.73
Q2 2021 ESD	7/26/2021			83023	\$16,039.65
					\$1,758,815.77

***Wire Transfers:**

Expense Register Dated	Wire Transfer Number	Amount Paid
8/6/2021	1199	\$870,730.57
8/23/2021	1202	\$1,144,030.77
8/25/2021	1203	\$19,444.30
8/27/2021	1204-1205	\$909,042.08
		\$2,943,247.72

***Accounts Payable Claims:**

Expense Register Dated	Check Number (Begin)	Check Number (End)	Amount Paid
7/29/2021	82957	82984	\$544,147.10

7/29/2021	82985	82993	\$51,771.57
7/29/2021	82994	83021	\$1,798,296.20
7/29/2021	83024	83025	\$21.28
7/31/2021	83026	83026	\$4,431.46
8/4/2021	83027	83027	\$650.00
8/4/2021	83028	83035	\$39,244.85
8/4/2021	83036	83046	\$11,076.49
8/4/2021	83047	83066	\$307,337.17
8/4/2021	83067	83085	\$160,166.49
8/4/2021	76062	76062	(\$136.59)
8/4/2021	83086	83086	\$136.59
8/10/2021	83092	83113	\$151,209.96
8/10/2021	83114	83135	\$264,813.86
8/11/2021	83136	83145	\$62,729.96
8/11/2021	83146	83166	\$1,052,339.15
8/18/2021	83167	83170	\$36,280.20
8/18/2021	83171	83183	\$379,681.43
8/22/2021	83188	83188	\$1,678.56
8/22/2021	83189	83190	\$65,085.86
8/25/2021	83191	83210	\$397,785.55
8/25/2021	83211	83230	\$209,872.63
8/25/2021	83231	83245	\$57,238.13
8/25/2021	83246	83268	\$1,244,866.69
8/25/2021	83269	83291	\$195,684.60
8/25/2021	83292	83292	\$13,000.00
			<u>\$7,049,409.19</u>

(c) Adoption of Ordinance No. 942 - Amending Shoreline Municipal Code Chapter 15.20 Landmark Preservation

(d) Authorize the City Manager to Execute an Amendment to the Professional Services Agreement with Pertect, Inc. in the Amount of \$1,591,698 for 60% Design of the 175th Street (Stone to I-5) Project

(e) Authorize the City Manager to Execute a Professional Services Contract with DOWL, LLC in the Amount of \$251,389 for Design of the 20th Avenue NW New Sidewalk Project

(f) Authorizing the City Manager to Execute Interagency Agreement No. C2200046 with the Washington State Department of Ecology for Participation in the 2021-2023 Pollution Prevention Assistance Partnership

(g) Authorizing the City Manager to Execute a Construction Contract with Blue Mountain Construction Group, LLC in the Amount of \$750,000 for the Annual Stormwater Repair, Replacement, and Shoulder Improvements Contract

(h) Authorize the City Manager to Execute an Amendment to the Contract with Jacobs Engineering Group for 100% Design on the SR-523 (N/NE 145th Street) Aurora Avenue to Interstate-5 Project in an Amount Not to Exceed \$1,614,366

8. STUDY ITEMS

- (a) Discussion of Ordinance No. 944 – Amending Ordinance No. 776 and Ordinance No. 694 Amending Shoreline Municipal Code Chapter 3.27 for Property Tax Exemption Conditions Within the Light Rail Station Subareas and Within the MFTE Areas

Nate Daum, Economic Program Development Manager, delivered the staff presentation. Mr. Daum said this study session proposes new options for the Multi-Family Property Tax Exemption Program for consideration in response to concerns expressed by Councilmembers that the current program adds barriers to development in the Light Rail Station Areas. He reviewed the components of the MFTE Program and described the way the incentive-based program supports development density. He stated that the current incentive is a 12-year property tax exemption for participating projects, which creates a public benefit of 20 percent of units affordable at 80 percent of Area Median Income (AMI). He described the financial impact of a sample 12-year MFTE project and said that although the property tax on improvements is assumed at \$0 for 12 years, the other associated revenue generated by such a project is estimated to far exceed total revenues generated prior to development. Mr. Daum displayed a table outlining the ongoing increase in annual revenue for a sample project from pre-development through the post-MFTE program.

Mr. Daum said from 2002 to present the program has seen 12 buildings completed and eight more are in the works over the next few years. He listed the locations of the completed MFTE projects as well as the areas in which there are none. Focusing on the barriers to development in the Light Rail Station areas, he reported that feedback from developers is that most cities have a tax exemption that runs the same length of time as the affordability requirement, so Shoreline’s affordability requirement of 99 years in the Station Areas is a significant barrier.

Mr. Daum said the Station Subarea MFTE program was established in 2017 and the sunset of the program is at the end of 2021. He said if the Council were to extend or eliminate the MFTE program deadline and to continue making it available in the Station areas, options for programmatic changes include either 20-year MFTE option or a 12-year MFTE extension, which is intended to address impending reversion to market rate of MFTE units. Mr. Daum shared specifics on the requirements for each alternative. He concluded by summarizing that the staff recommendation for Ordinance No. 944 would provide an extension and expansion of MFTE in the light rail station subareas, establish a 20-year MFTE program for projects with 99-year affordability requirements, and adopt a 12-year extension for 12-year program MFTE projects in Residential Target Areas.

Mayor Hall, Deputy Mayor Scully, and Councilmembers Chang and McGlashan expressed support for each of the staff recommendations.

Councilmember Robertson said she appreciates the rationale presented in the report to support the staff recommendation and asked if there has been any informal interest in development. Mr. Daum said there have been pre-application conversations, but no new applications in the core MUR-70' areas. Councilmember McConnell confirmed that there is one project in the planning stages in the MUR-70' zone, Mr. Daum said there is a lot of interest, but nothing in the pipeline with any certainty.

Discussion included conversation on the 99-year affordability requirement in the Station Area 20-year MFTE program. Councilmember Robertson looks forward to learning more about the discrepancy between the periods for property tax exemption and affordability requirements. Councilmember Chang recognized the mismatch between the 99-year affordability requirement and asked if the calculations were done to confirm that a 20-year program is enough. Mr. Daum said although every site is different, the development community reports that a typical project achieves affordability organically after about 30 years. He said the Department of Commerce is currently studying the MFTE program at the State level. Councilmember Chang said she is surprised this is a trial-and-error approach when it seems that reasonable estimates could be made. Mr. Daum explained the variability in the projects available for evaluation. Councilmember Roberts said he supports a 20-year program but suggested that the area boundaries be brought into alignment with the Comprehensive Plan and Councilmember McConnell agreed with the importance of giving additional time for development. Councilmember McGlashan recognized that the 99-year affordability requirement is a sticking point for developers, and Deputy Mayor Scully agreed it is worth further discussion. Mayor Hall commented that the previously established 99-year requirement is an example of the innovation that was being considered, with the goal of keeping units affordable longer than 12 years. He agrees it makes sense to reevaluate, but the Ordinance as recommended by staff is a good step forward.

In consideration of the 12-year extension option, Councilmember Robertson confirmed that only one extension would be granted per project. Councilmember Roberts said it seems that the City would be foregoing significant revenue, so he is not convinced that this is the right direction. He said he would like to know more about the specific benefits being received by residents of affordable units for the additional time vs. the loss of revenue to the City. Mr. Daum will report back to Council with that information.

In discussing the impact Ordinance No. 944 would have on projects currently in the application process, Councilmember McGlashan confirmed that as it stands now, projects currently in the application process for the MFTE program would incur additional fees to apply for any of the new options. Councilmember McConnell asked for an amendment to be brought forward to help developers with current MFTE applications in process to avoid additional fees if they choose to apply for one of the new options. Deputy Mayor Scully recognized that if the current regulations are discouraging development from happening, goals are not being met, and Ordinance No. 944 could incentivize development.

Councilmember Roberts would like staff to look at extending the designated locations for MFTE projects beyond the current boundaries.

Mayor Hall summarized that although there are some questions left to be addressed, the Council expressed no major concerns, and Ordinance No. 944 would return as an Action Item.

(b) Discussion of Proposed Capital Funding Update of American Rescue Plan Act (ARPA)

Susana Villamarin, Senior Management Analyst; and Tricia Juhnke, City Engineer; delivered the staff presentation. Ms. Villamarin stated that the American Rescue Plan Act (ARPA) provided the City of Shoreline \$7.5 Million to help with local fiscal recovery following the pandemic. She reviewed the rules of the funding, explaining that money will be received in two tranches, and must be used by the end of 2026 towards economic aid, premium pay, capital projects, and cost recovery revenue replacement.

Ms. Villamarin listed the guiding principles used by staff in forming their recommendation. She reviewed the targeted allocations agreed upon by the Council and displayed the allocation amounts proposed in the categories of response to public emergency, cost recovery for COVID-related expenses, and necessary investments in infrastructure. She further described the revised Phase 1 allocations for ARPA Navigators, Community and Youth Recovery, Business Recovery, City Cost Recovery, and Infrastructure and the steps the City has taken toward using the funding.

Ms. Villamarin said that although the Council was comfortable with \$4 Million in ARPA funds allocated to capital projects, they had requested further discussion on the recommended projects, as well as if other projects should be considered. Ms. Juhnke summarized the criteria established for use of ARPA funding for infrastructure. She stated that in follow up to Council's previous direction, staff expanded the review of potential projects to look at projects that provide green infrastructure, are outside of station areas, and that share existing priorities of the Wastewater and Surface Water utilities. She stated that staff recommends two large projects for funding: replacing sewer lines on 1st Avenue and 3rd Avenue from 145th to 147th and upgrading Stormwater Pump Station 26. She outlined several other projects considered, but not ultimately recommended, and explained a shift of funding that would support them ultimately being funded.

Deputy Mayor Scully said he was upset when the staff report did not consider the comments the Council made in the last discussion, but after expressing his concern to staff he now sees some response in tonight's presentation. He thinks there is a path forward for this. He emphasized that the ARPA funding is designed for recovery from COVID-19 to benefit everyone in the City and said that a recommendation for \$4 Million to go toward sewer projects in the Light Rail Subarea did not sit well with him, since it focused only on one neighborhood. This is fixed by including a Resolution that comes up with a package that funds benefits to the entire community. He explained that ARPA does allow funds to be swapped out, and he wants to make funding allocations transparent. He is excited about the proposed projects and suggested moving forward with the staff recommendation if it included a Resolution that would assure that the Capital Improvement Plan (CIP) identifies the projects that would be completed as part of the funding swap, asserting that with that change, the recommendation meets the Council's direction. He said the cost of the ARPA Navigator is a great investment to support the business community.

Councilmember Roberts said he appreciates the work done by staff in re-examining the projects and he feels more confident in them than previously. He observed that the staff proposal accelerates all the projects, so there is no need to shift funding. Councilmember Chang asked if the project recommendations would likely be part of the CIP even without a Resolution. Ms. Juhnke said they would most likely be included but are always up for discussion. She emphasized that staff takes their lead based on Council's direction, and it is Council's prerogative to make adjustments. Councilmember Chang wondered if going with Deputy Mayor Scully's suggestion would prematurely constrain the conversation on the CIP. Debbie Tarry, City Manager, stated that the projects listed in the staff report would likely be brought forward in the CIP for utility funding and are in alignment with existing plans.

Ultimately, Mayor Hall and Councilmembers Roberts, Chang, and McConnell expressed support for the staff recommendation as written. Councilmember Robertson supports Deputy Mayor Scully's approach, saying she sees the idea of including a Resolution as a way of identifying all the projects that will benefit from the ARPA funding, whether directly or by a shift of funds or freeing up dollars for necessary smaller projects. Mayor Hall observed that implementation will happen through future actions, the transparency of which is adequate. Deputy Mayor Scully emphasized that what he was looking for was transparency.

9. ADJOURNMENT

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

Jessica Simulcik Smith, City Clerk