

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF REGULAR MEETING

The purpose of these minutes is to capture a high-level summary of Council's discussion and action. This is not a verbatim transcript. Meeting video and audio is available on the [City's website](#).

Monday, July 25, 2022
7:00 p.m.

Council Chambers - Shoreline City Hall
17500 Midvale Avenue North

PRESENT: Mayor Scully, Deputy Mayor Robertson, Councilmembers McConnell, Mork, Roberts, and Pobee

ABSENT: None.

1. CALL TO ORDER

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

2. FLAG SALUTE/ROLL CALL

Upon roll call by the City Clerk, all Councilmembers were present except for Councilmember McConnell, who joined the meeting at 7:01 p.m. and Councilmember Ramsdell.

Deputy Mayor Robertson moved to excuse Councilmember Ramsdell for personal reasons. The motion was approved by unanimous consent.

3. APPROVAL OF THE AGENDA

The agenda was approved by unanimous consent.

4. REPORT OF CITY MANAGER

Debbie Tarry, City Manager, reported on various City meetings, projects, and events.

5. COUNCIL REPORTS

Mayor Scully reported his attendance at a meeting for the Lake Ballinger Forum to discuss the WSDOT project to broaden culverts for salmon. He also attended a WRIA 8 meeting and learned that salmon numbers are up but it is still not enough for a sustainable population. Finally, Mayor Scully said he attended the State Audit Entrance Conference and had no issues to report.

6. PUBLIC COMMENT

The Council heard comments from the public from approximately 7:06 p.m. to 7:12 p.m. Written comments were also submitted to Council prior to the meeting and are available on the [City's website](#).

Anne Brask, Director of Planning at Abodu, spoke on behalf of a client to ask for parking requirement waivers for accessory dwelling units.

Nancy Morris, Shoreline resident, commented that Shoreline building codes are not ambitious enough to combat climate change. She asked that Council require development to accommodate mature trees.

7. CONSENT CALENDAR

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

(a) Approval of Minutes of Regular Meeting of June 27, 2022

(b) Approval of Expenses and Payroll as of July 8, 2022 in the Amount of \$10,384,873.76

***Payroll and Benefits:**

| Payroll Period | Payment Date | EFT Numbers (EF) | Payroll Checks (PR) | Benefit Checks (AP) | Amount Paid |
|-------------------|--------------|------------------|---------------------|---------------------|----------------|
| 5/29/22 - 6/11/22 | 6/17/2022 | 102866-103107 | 17845-17863 | 85983-85989 | \$870,459.76 |
| 5/29/22 - 6/11/22 | 6/23/2022 | | | WT1270- WT1271 | \$115,251.17 |
| 6/12/22 - 6/25/22 | 7/1/2022 | 103108-103351 | 17864-17886 | 86102-86105 | \$653,378.00 |
| 6/12/22 - 6/25/22 | 7/8/2022 | | | WT1273- WT1274 | \$114,881.40 |
| | | | | | \$1,753,970.33 |

***Wire Transfers:**

| Expense Register Dated | Wire Transfer Number | Amount Paid |
|------------------------|----------------------|-------------|
| 6/27/2022 | WT1272 | \$44,512.80 |
| | | \$44,512.80 |

***Accounts Payable Claims:**

| Expense Register Dated | Check Number (Begin) | Check Number (End) | Amount Paid |
|------------------------|----------------------|--------------------|--------------|
| 6/15/2022 | 85854 | 85885 | \$152,206.12 |
| 6/15/2022 | 85886 | 85915 | \$570,070.41 |

| | | | |
|-----------|-------|-------|-----------------------|
| 6/22/2022 | 85916 | 85948 | \$489,949.37 |
| 6/22/2022 | 85949 | 85982 | \$5,659,278.99 |
| 6/29/2022 | 85990 | 86012 | \$729,737.85 |
| 6/29/2022 | 86013 | 86040 | \$23,634.58 |
| 7/6/2022 | 86041 | 86066 | \$168,009.91 |
| 7/6/2022 | 86067 | 86099 | \$708,425.13 |
| 7/6/2022 | 86100 | 86100 | \$84,146.81 |
| 7/6/2022 | 86101 | 86101 | \$1,391.46 |
| 7/6/2022 | 86014 | 86014 | (\$460.00) |
| | | | <u>\$8,586,390.63</u> |

(c) Authorize the City Manager to Execute the Commute Trip Reduction - Transportation Demand Management Interlocal Agreement with Washington State Department of Transportation

8. ACTION ITEMS

- (a) Appointment of Pro and Con Committee Members for City of Shoreline Proposition 1, Maintenance and Operations Levy for Public Safety and Community Services

Communications Program Manager, Eric Bratton, explained the process of Pro and Con Committee appointments for the Public Safety and Community Services levy. The appointed Pro and Con Committees will write statements in support of or in opposition to the levy. The statements are due to King County Elections by August 9, 2022 and rebuttals by August 11, 2022. Along with the City’s Explanatory Statement, Committee statements will be available in the voter pamphlet. Council must appoint and submit Committee selections to King County Elections by August 2, 2022. Since applications were made available on June 28, three applications were received for the Pro Committee and none for the Con Committee. Applicants for the Pro Committee were Lincoln Ferris, Mary Ellen Stone, and John Thielke.

Deputy Mayor Robertson moved to appoint Lincoln Ferris, Mary Ellen Stone, and John Thielke to the Pro Committee. The motion was seconded.

Deputy Mayor Robertson said it is encouraging to see that all the applicants participated in the Parks Funding Advisory Committee and thinks they will be a great group.

The motion passed unanimously.

9. STUDY ITEMS

- (a) Discussion of the Update of the Wastewater Rate Study Project and Policy

Administrative Services Director, Sara Lane, introduced representatives from FCS Group (FCSG) Tage Aaker and Gordon Wilson, and noted that FCSG previously worked with Ronald Wastewater District prior to its assumption by the City. Mr. Aaker reviewed the progress of the wastewater rate study which included identifying policy issues and evaluating the wastewater

utility’s financial self-sufficiency. He said the utility rate is set to recover the cost of regular operations and forecasted capital costs. Capital costs include replacement or upgrades of infrastructure and is primarily funded through rates. A notable expense for the wastewater fund is treatment costs from King County Wastewater Treatment Division (KC WTD) and the City of Edmonds Wastewater Treatment Plant (Edmonds WWTP). On bills, charges are broken out into the local city charge and the treatment charge from either KC WTD or the Edmonds WWTP. Mr. Aaker discussed the City’s current financial policies and policy recommendations by FCSG. Staff recommend implementing the policies as follows:

| Financial Policy | Current Policy | Recommended Policy |
|---------------------------------|---|---|
| Operating Reserve Target | 20% of operations and maintenance costs excluding treatment | Maintain policy (\$1.1 million) |
| Capital Reserve Target | No current policy | 1% of plant in service assets (\$500k) |
| Rate Funded System Reinvestment | No current policy | Target rate funding annual depreciation expense (currently \$1.1 million) |
| Debt Service Coverage | No outstanding debt | Minimum: 1.25 coverage on bonded debt Target: At least 1.5 coverage |

Mr. Aaker pointed out various study assumptions regarding inflation, revenues, expenses, debt service, and the Low-Income Discount program. The study set projections of \$1 million in revenue per year through 2024 followed by \$500,000 in revenue per year. Revenue bonds are expected to have a term of 20 years, an interest rate of five percent, and a one percent issuance cost. There is not a debt reserve requirement for the debt service.

Operating costs are expected to exceed revenue by 2041 without local rate increases. This estimate does not account for capital projects. There is a separate \$218 million total needed for capital projects that assumes an 80% completion factor. To fund \$175 million in capital projects from 2022-2041, 47% is planned to come from cash sources and 53% through the sale of revenue bonds.

The rate adjustment plan proposes local rate increases by \$2.70/month each year for the first four years. Then, a six percent annual rate increase. This will keep the utility on track to fund operating costs and capital projects. The total monthly difference for customers serviced by KC WTD would be about five to six dollars. For customers serviced by the Edmonds WWTP, the difference would be about four to five dollars.

Mr. Aaker suggested that if the City were to expand the reach of the discount program to additional customers and reduce the discount to 25%, the four-year monthly increase could be reduced to \$1.75. If the discount program is expanded while maintaining the 50% discount, the four-year monthly increase would be revised to \$3.70. Foregone charges from the Low-Income

Discount Program must be offset through the local charge. Staff recommends expanding the discount program and reducing the discount to 25%.

Ms. Lane brought up the idea of reinstating late fees and interest charges which were not looked at by FCSG. The Ronald Wastewater District Board waived these charges following a moratorium by the Governor in light of the pandemic. Shoreline Municipal Code previously imposed a one-time 10% late fee and 8% interest per annum on late balances, credit card processing fees, and a refund request fee. Staff recommends reinstating the 10% late fee and refund request fee and eliminating the 8% interest and credit card fee. Public Works Director, Randy Witt, added that there are several items that were not examined for this rate study. Once those projects have been studied, they will be added to the Capital Improvement Plan.

Ms. Lane stated that the General Facilities Charge is scheduled to be updated by August 8, 2022. Following completion of the study report, final rates are to be presented with 2023-2024 Biennial Budget in October.

It was suggested by a Councilmember that the operating and capital reserve targets are too low. Ms. Lane clarified that the Ronald Wastewater District cash balance was used as a starting point to guide the study. Mr. Wilson explained that reserve targets are used as a capital funding tool to provide cushion against unexpected costs. The reserve balance will fluctuate over time but usually never hits the minimum. If the utility reached the minimum reserve, the fund would maintain operations for over two months excluding treatment costs.

Questions were asked about the characteristics of the utility fund and Ms. Tarry confirmed that it is an enterprise fund. The fund is separate from the general fund and can have its own policies. Responding to a question about the driver for the fee increase, Mr. Aaker explained that while the City is currently meeting the reserve targets, the fund will go down over time. Mr. Wilson added that the proposed plan will eventually allow the City to have depreciation 100% rate funded.

Ms. Lane clarified that through a partnership with Seattle City Light, low-Income Discount Program participants would be identified by Seattle City Light. For those customers in multi-family residences, the discount is received through a rebate program. Ms. Lane said she would need to look into whether utilities are reduced for affordable housing units.

It was asked if there could be a trigger for applying the 8% interest for late account balances. Ms. Lane responded that additional fees are already applied when an account is eventually sent to collections. But the code could be changed to apply the interest at a certain fee balance. She added that the interest would contribute to administrative burdens. Prior to the moratorium, late fees accounted for \$163,000 in annual revenue. If late fees are reinstated, the utility rate would be adjusted to account for this. Mayor Scully advised that bills should reflect the actual cost due as taxpayer money should not be used for often fruitless collections processes. He said he would also rather not see the refund request fee reinstated and encouraged staff to revisit application fees which seem to be undercharged.

Councilmember Roberts expressed concern with fees applied to households receiving rebates on their utility. He warned that fees will incur between the time of the utility payment and rebate. This will cause issues for customers who cannot pay their balance on time.

(b) Discussion of Ordinance No. 970 – Amending the 2021-2022 Biennial Budget

Ms. Lane spoke about the amendment to the 2021-2022 Biennial Budget. The amendment increases the total City funds from \$320,774,871 to \$353,258,571. This is largely due to the issuance of \$38.5 million in debt for the parks fund. With that, some of the 2020 LTGO Bond Fund was repaid and the 2022 LTGO Bond Fund was created. Another major factor to the amendment is staffing changes to predominantly address workload challenges for permitting staff. The end of the year projection for the General Reserve before Ordinance No. 970 is \$8.491 million. If amended by Ordinance No. 970, the projection will be \$5.288 million. The actual ending budget will be determined at the end of the year. Ms. Lane said an area not accounted for in the reserve is the general fund contribution for the City Maintenance Facility. Action on this item is scheduled for August 8, 2022.

It was asked if the Strategic Technology Plan funding is considered a capital project. Ms. Lane replied that technology needs are typically considered as part of the operating budget.

10. ADJOURNMENT

At 8:29 p.m., Mayor Scully declared the meeting adjourned.

Jessica Simulcik Smith, City Clerk