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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF WORKSHOP MEETING

Monday, August 18, 2003
6:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Jepsen, Deputy Mayor Grossman, Councilmembers Chang, Gustafson, Hansen, Montgomery and Ransom

ABSENT: none

1. CALL TO ORDER

The meeting was called to order at 6:30 p.m. by Mayor Jepsen, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Jepsen led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present, with the exceptions of Councilmembers Chang, Hansen, and Ransom, who arrived shortly thereafter.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

Paul Haines, Public Works Director, provided information comparing Shoreline's Aurora Corridor Project (Phase 1) to Federal Way and Des Moines SR 99 project (as requested by Councilmember Chang in July).

Councilmember Chang arrived at 6:33 p.m.

Mr. Haines described the major cost differences in terms of the environmental review and public outreach, components of the projects, components built outside the project, years of implementation, and contingency amounts. He noted that the projects are difficult to compare because of the complexity of funding, financing, and timing. He emphasized that Shoreline spent more than \$300,000 on the community involvement process, compared to \$29,000 for Federal Way and \$33,000 for Des Moines. Shoreline also spent over \$1 million on the environmental documentation, compared to the use of the SEPA checklist and categorical exemption by the other two jurisdictions.

Councilmember Ransom arrived at 6:40 p.m.

Mr. Haines summarized by stating that several factors account for the differences in cost, including project size and scope, environmental and public processes, surface water

infrastructure, contingency funding, bidding climate, and differences in accounting practices among agencies.

Responding to Councilmember Ransom, Mr. Haines confirmed that Shoreline's projected figures are based on 2003 dollars, whereas Federal Way's costs are based on 2002 actual dollars.

Councilmember Gustafson asked if the analysis was made on a per-mile basis, noting that Shoreline's project is .3 miles longer than Federal Way's. Mr. Haines responded that the projections are based on the total project length.

Councilmember Montgomery wondered if strong public support for the projects in Federal Way and Des Moines account for their relatively minor public processes. Mr. Haines noted that there was very little controversy surrounding those projects.

Councilmember Montgomery speculated that Federal Way possibly reduced its costs by installing fewer access points along its center median. She also wondered if the Federal Way project had any significant impacts on the business community.

Mr. Haines noted that Shoreline's design includes numerous mid-block turning points. His personal impression was that businesses were doing well in Federal Way, though it is difficult to draw direct comparisons with Shoreline because of different business development patterns.

Councilmember Hansen arrived at 6:50 p.m.

Councilmember Chang commented that Federal Way businesses are not as dependent on access from the center median because they have alternate access points. Conversely, many Shoreline businesses have only one access point. He explained that Federal Way had been working with the community years before its project was constructed, and it is possible that many meetings may not have been recorded. He asked staff if the Shoreline project includes a regional surface water mitigation plan similar to Federal Way's.

Mr. Haines said that Shoreline's project will generally deal with all surface water issues on Aurora Avenue, including containment, treatment, and transport.

Councilmember Hansen commented that it appears Shoreline will be spending far more on surface water management than Federal Way. Mr. Haines pointed out that Federal Way had already spent \$3.5 million on surface water infrastructure (treatment and storage) before its Highway 99 project was funded.

Councilmember Hansen pointed out that Shoreline will also invest a great deal of money on surface water projects in an effort to improve capacity and water quality. He emphasized the importance of improving the groundwater as part of the Aurora Corridor Project.

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Mayor Jepsen noted that Shoreline's total proposed width for Aurora Avenue (110 feet) as well as sidewalks/amenity zones is less than that constructed in Des Moines and Federal Way (114 feet and 116 feet respectively). He also acknowledged that Shoreline's environmental process cost over \$1 million, whereas the other jurisdictions spent less than \$50,000 each.

4. COUNCIL REPORTS

All Councilmembers commented favorably on the Interurban Trail groundbreaking ceremony and the Celebrate Shoreline! parade and activities. They commended staff for making them such outstanding events.

Councilmember Gustafson reported that the City received an excellent audit report and that there were no significant findings.

Councilmember Hansen added that the Shoreline Rotaries Fun Run raised over \$6,000.

Councilmembers Chang and Ransom commented on their attendance at the Association of Washington Cities budget workshop in Leavenworth. Councilmember Ransom reported that the state economist does not predict an upturn in the economy until at least 2005.

Deputy Mayor Grossman commented on the importance of collaborating with other agencies in order to accomplish projects such as the Interurban Trail.

Mayor Jepsen reported on the Northend Mayors meeting and said that Lake Forest Park Mayor Dave Hutchinson had challenged the City of Shoreline to match the funds raised by the Shoreline Rotaries in an effort to purchase a portable stage for the community. He said this would be about \$5,000, in addition to the \$2,000 that the City has already pledged in in-kind support.

Mr. Burkett explained that the total price of the portable stage is \$113,000, and the Arts Council is seeking a \$90,000 grant in addition to the \$15,000 already raised.

Councilmember Ransom spoke in strong support of donating enough funding to ensure the purchase of the stage. He said outdoor performances are an important part of the City's cultural services. He felt the City should provide the necessary seed money, as it did for the elevator in the Shoreline Historical Museum.

Councilmember Gustafson commented on the importance of having a hydraulic stage that is dependable, convenient, and safe to use.

Mayor Jepsen received Council consensus to authorize staff to return with a \$5,000 funding proposal. Responding to Councilmember Ransom's suggestion that it be more, Mayor Jepsen said if more than was requested is needed, another request can be brought forward.

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5. PUBLIC COMMENT

(a) Russ McCurdy, Arlington, expressed support for Alternative #1 as outlined in the Central Shoreline Subarea Next Steps. He said that working with business and property owners along Aurora Avenue to identify solutions and options will be the key to ensuring a positive outcome for all stakeholders.

(b) LaNita Wacker, Shoreline, commented on the slate of candidates for City Council and the School Board, noting that the upcoming election will provide an opportunity for public debate on the issues. She urged candidates to recognize the importance of civility and to refrain from uncivil campaign tactics. She said the City Council, which has always begged for civility, owes a public apology to the elected official who was not included in the Interurban Trail groundbreaking ceremony.

(c) Brian Doennebrink, Shoreline, spoke in favor of the Central Shoreline Subarea Next Steps, noting that both Alternative #1 and #2 represent a move toward an equitable solution for stakeholders in the Central Subarea. He emphasized the need for mutual trust between Shoreline citizens and the City Council, noting that many people put their trust in the collective judgement of the Council because they cannot attend Council meetings. He said even though various indicators suggest the economy will be sluggish for some time, it should not be a reason for delaying the Aurora Corridor project, particularly when interest rates remain low. He noted that the Second Quarter Financial Report indicates signs of improvement. He suggested that people should be open-minded to the ideas that will come from Council's decision.

(d) Dwight Stevens, Shoreline, commended City staff for their efforts in making the Interurban Trail groundbreaking ceremony and Celebrate Shoreline such successful events. He congratulated the City Council for the significant progress and accomplishments it has made without having to resort to major tax increases. He said several disgruntled citizens have derided the efforts of the Council and are running for City Council positions. He urged Shoreline citizens to consider the gravity of the upcoming election and vote for progress.

(e) Cindy Ryu, Shoreline, opposed the projected costs for Alternative #1 of the Central Shoreline Subarea Next Steps, asserting that it should not cost money every time the City has to talk to people. She said the Executive Session tonight proves that the City Hall site selection process is happening behind closed doors. She contended that the budget for the City Hall project is too expensive and does not include the cost of land acquisition. She said the Council should put consultants, contractors, and even potential sellers on notice that the City will not approve budget increases for the City Hall project.

(f) James Tuffnel, Shoreline, expressed support for Alternative #1 of the Central Subarea Next Steps, noting that it will allow business owners to participate in discussions about the future of the Aurora Corridor. He said his family, an Aurora

business owner, looks forward to working with the City toward an agreement that benefits all stakeholders.

(g) Larry Steele, Shoreline, also supported Alternative #1, noting that it will give businesses the ability to discuss solutions for redevelopment. He said his main goal is to stay in business, and that the ongoing communication process will hopefully help secure his future.

(h) Janet Way, Shoreline, said it is positive that Aurora business owners express interest in working with City. She expressed gratitude for the Interurban Trail ceremony and project, noting her involvement with the 1989 Paramount Park Open Space Bond. She expressed concern about the direction of the City budget, noting that cost overruns may prevent the City from pursuing worthy projects such as an Interurban Trail pedestrian overpass on Aurora Avenue. She felt the estimates for the Aurora project are too high and that it is difficult to make accurate comparisons between Shoreline and Federal Way. She asserted that surface water will be key to the success of the Aurora Corridor project. Finally, she announced there would be a meeting tomorrow night involving a proposal to remove a gas station at NE 145th Street and 15th Avenue NE.

(i) Bridgid Newman Hansen, Shoreline, expressed concern about the site selection process for City Hall, noting that there has been little regard for water quality/wildlife habitat protection and restoration. She said reports indicate that the primary water source for Echo Lake is untreated stormwater runoff from the Shoreline Park 'n Ride. She said wherever the site is chosen for City Hall, the City should treat the environment more responsibly.

(j) Daniel Mann, Shoreline, asked why the comparison between Shoreline and Federal Way/Des Moines did not include analysis of Aurora projects in Edmonds and Lynnwood. He noted that the Shoreline Merchants Association (SMA) used Edmonds and Lynnwood as a basis for their recommendation to the Planning Department, given the close proximity to and inclusion of the Interurban Trail. He said that Federal Way paid all the costs associated with underground electrical connections, and that Shoreline should not burden property and business owners with this expense. He expressed support for Alternatives #1 and #2, noting that the SMA was founded when the City decided to file a categorical environmental exemption. He supported an analysis of real impacts on jobs, businesses, taxes, and immediately adjacent neighborhoods.

(k) Bill Smith, Shoreline, member of the Holiday Resort Community Association, questioned the reason for the Executive Session and why the public cannot be involved in the City Hall site selection process. He said City Hall will be a public building financed with public funds.

Mayor Jepsen explained that the City Hall project cannot be over budget since the project has neither a site nor a design. It was noted that formal site selection for City Hall must occur in a public meeting.

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Mr. Burkett clarified that State law allows jurisdictions to conduct executive sessions to discuss the purchase of real estate. He explained that public knowledge of specific real estate issues is not in the public interest because such knowledge can cause prices to increase.

Mayor Jepsen commented that the comparison with Federal Way was a direct response to Councilmember Chang's request.

Councilmember Ransom felt it would be worthwhile to direct staff to conduct a similar comparison with Edmonds and Lynnwood.

Mr. Burkett pointed out that the project costs in Edmonds and Lynnwood were substantially less because they did not include many features of Shoreline's plan, including storm drainage, transportation systems, center lane median, and underground utilities.

6. WORKSHOP ITEMS

(a) Central Shoreline: Next Steps to Identify Issues and Solutions

Mr. Burkett introduced this item, noting that Council asked staff to bring back options on how to resolve issues relating to the right-of-way (ROW), redevelopment, and continued uncertainty. He said the proposal is to work with property owners and other stakeholders to arrive at mutually agreeable solutions to these questions.

Tim Stewart, Planning and Development Services Director, discussed the issues and "next steps" associated with Council's amendment of the Comprehensive Plan that set the maximum future ROW lines for the Central Shoreline subarea. At the July 21 meeting Council asked staff to bring back alternatives for the Council's consideration regarding how to address the issues and define solutions for the properties and businesses on the east side of Aurora Avenue in the Central Shoreline Subarea. Staff has identified three alternatives for resolving the redevelopment uncertainties of the Central Shoreline Subarea:

- Alternative #3: Status Quo: This alternative would rely upon property owners to take the lead for redevelopment in the Central Shoreline Subarea, similar to the Top Foods project. City staff would be available to provide information on the area, Development Code standards and permitting processes, but the developer would be responsible for all other negotiations with other property owners, market analysis, and all associated design, construction and infrastructure improvements. This alternative would be funded by fees from development permits and would not require any supplemental appropriation of City funds.
- Alternative #2: Complete the Subarea Plan and Environmental Review: This alternative would resolve redevelopment uncertainties in the Central Shoreline Subarea by working with all of the property and business owners on both the east

and the west sides of Aurora Avenue North and other stakeholders such as Seattle City Light and King County Metro Transit to aggressively develop, adopt and implement the Central Subarea Plan. This alternative would include a planned action Environmental Impact Statement (as was done in North City), preparing economic and market analysis, and working with property owners regarding the consolidation of parcels and investing in capital improvements. This alternative would likely require more than \$200,000 and the dedication of one full-time employee to manage the project.

- Alternative #1: Two Demonstration Sites: This alternative represents a compromise between Alternatives #1 and #2. It would focus on working with the property and business owners to identify issues and develop solutions for redevelopment for two demonstration sites: Aurora Rents (site A) and “the Wedge” (site B), the properties that will be most directly impacted by the acquisition of right of way in the Central Area are located between 172nd Street and 180th Street on the east side of Aurora Avenue North. The cost of this alternative is anticipated to range from \$50,000 to \$100,000 and requires the dedication of a ½ time employee to manage the project. Staff recommends this option.

Deputy Mayor Grossman spoke in support of Alternative #2 because he felt it was better to resolve the issues of all the businesses sooner rather than later. He said the City's goal should be to provide certainty about how redevelopment will affect business and property owners. Instead, it has prolonged ambiguity and increased anxiety for all business owners.

Councilmember Gustafson wondered if the information gathered from the work on the demonstration sites would lead to quick solutions for the remaining sites.

Mr. Stewart noted that Alternative #2 is much more complex because of the many property owners involved. He said staff would be willing to undertake whatever level of effort the Council wishes to pursue.

Mr. Burkett added that working with just seven property owners in the Wedge will present a challenge, but at least this is private property that does not involve negotiations with other ROW owners.

Councilmember Hansen noted the length of time it took Top Foods to work through its project and felt progress should be made at a faster rate. He expressed support for Alternative #1, which would concentrate on a relatively small area and provide a better chance for quick solutions.

Councilmember Ransom concurred with Councilmember Hansen, noting that in North City there was less hostility and controversy about the project than has occurred here. He was happy to see that the businesses involved support Alternative #1. He liked aspects of

Alternative #2, but said business owners could deal with economic and market analysis in Alternative #1.

Mayor Jepsen liked Alternative #2 but agreed it is better to start smaller and then include other properties when possible. Councilmember Gustafson supported this approach but emphasized the need to simultaneously reach out to other business owners so they also get the necessary information.

Councilmember Chang said the City could have possibly avoided the expensive environmental process had it chosen to involve property and business owners from the beginning. He said he could support either Alternative #1 or #2, as long as all stakeholders are kept informed of the process. He said when business and property owners are happy, the City will be happy, too.

Mr. Burkett agreed that building on incremental successes would be the most effective approach. He said staff will return with a specific proposal for Alternative #1.

(b) Second Quarter Financial Report

Debbie Tarry, Finance Director, provided a summary of the financial activities of the City's major funds through the second quarter of 2003. She reported that General Fund revenues were 3 percent above projections and expenditures were 4.3 percent below projections. Her presentation included the following highlights:

- Revenue totaling \$11,189,569 through the first half of the year was \$322,752, or 3.0% above projected revenue of \$10,866,817. Collections exceeded projections in all categories except Grants and Miscellaneous revenue, which includes Investment Earnings.
- Interest rates continue to be lower than originally anticipated.
- Property tax collections are ahead of projections by 1.1%, sales taxes are up by 4.8%, criminal justice sales tax collections are above projections by 0.2%, state distributed revenues are up by 6.1%, utility tax and franchise fees are ahead by 2.9% and parks and recreation fees are above projections by 11.8%.
- Actual 2003 expenditures through June were \$10,949,683, or \$488,214 (4.3%) below projected expenditures of \$11,437,897.
- Most departments are spending below projected levels. Savings in salaries have occurred in Planning & Development Services and City Attorney departments due to staff vacancies.
- The City is continuing to see significant savings in the jail contract as a direct result of a new police program aimed at reducing the number of bookings into the King County jail by performing more processing functions during arrests at the Shoreline precinct rather than the jail.
- Development Services Fund revenues are ahead of projections. Plan check fees and land use fees/permits are up. First half permit activity is ahead when compared to 2002. Land use/SEPA reviews are up by nearly 17% and permit reviews by 27% over 2002 activity levels.

- Expenditures are behind projections by \$64,088 or 6.9%. The City anticipates this trend to continue as Development Services continues to hold down costs to stay in line with current permit revenue.
- Street Fund revenue was above projections by only \$10,308 through the first half of the year. Right-of-way fees and fuel tax collections are ahead of projections. Investment earnings continue to be under projections as the interest rate is much lower than originally budgeted.
- Street Fund expenditures are ahead of projections by \$39,126 or 4.7%. Street maintenance activity is occurring at a quicker pace than earlier years.
- Revenues in the Surface Water Management Fund are behind projections by 3.0%. Storm drainage fees are slightly behind projections by 2% and investment earnings are also down.
- Expenditures are under projections by \$18,036, which is only about a 1% variance. Expenditure savings have occurred in various departments, including City Attorney, Public Works, and Planning and Development Services.
- In the General Capital Fund, the major sources of revenue are a contribution from the General Fund, real estate excise tax and investment earnings. Funding from the General Fund is on target and real estate excise tax collections are ahead of projections by \$34,393. Investment earnings, however, as in the other funds are down by \$47,155. Expenditures are under projections, but are expected to increase as the busy construction season gets underway.
- In the Roads Capital Fund, major revenue sources are also Contributions from the General Fund and Arterial Street Fund (fuel tax), real estate excise tax, grants and investment earnings. Revenues are being received as expected in all cases except investment earnings. Expenditures are running behind projections, but are expected to increase as the year progresses.
- In the Surface Water Capital Fund, the major revenue sources are storm drainage fees and loans from the state's Public Works Trust Fund. Through the first half of the year, revenues are slightly ahead of projections. Expenditures are behind projections as project work continues.
- Growth in sales tax revenue remains stagnant, and gambling revenues remain 15% behind 2002 collections, although two casinos have outstanding second quarter payments.

Responding to Councilmember Gustafson, Mr. Stewart explained that the increase in permit activity is the result of a large number of home remodels and substantial redevelopment projects, including projects in North City.

Mayor Jepsen was pleased to see that the positive financial trends of higher revenues and lower expenditures are continuing.

Councilmember Hansen pointed out that such financial practices make it possible to fund things like the Central Subarea Plan without going into deficit.

Mr. Burkett concluded that the next financial report will be presented as part of the 2004 budget process later this year. He said the City is confident it can provide a balanced

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budget for 2004 without other tax or revenue increases, but there are concerns for 2005-2006 about flat revenue growth and expenses growing at three to four percent.

Councilmember Gustafson commended staff for its fiscal responsibility and reiterated his satisfaction with the positive audit result.

7. CONTINUED PUBLIC COMMENT

(a) Janet Way, Shoreline, expressed concern about the Council's Executive Session. She noted that although real estate purchases require some discretion, the public must be involved long before a final decision is made. She pointed out that a recent City survey indicated that a new City Hall is not a high priority, particularly in the current economic climate. She asserted that people are moving out of Shoreline because of the high cost of living and increasing property taxes. She expressed concern about a potential conflict of interest on the City Hall issue, questioning who would benefit from the project and who would end up paying for it.

Councilmember Ransom explained that a new City Hall did not rate highly on the citizen survey because it is a need that is more readily apparent to the City operation. He said it is a responsible expenditure because it will be funded from the operations budget as opposed to bonds or increased taxes.

Mr. Burkett estimated that the presentation in the Executive Session would last from 1 to 1½ hours.

MEETING EXTENSION

At 8:45 p.m. Councilmember Hansen moved to extend the meeting until 10:30 p.m. to accommodate the Executive Session. Councilmember Ransom seconded the motion, which carried 6-1, with Councilmember Montgomery dissenting.

8. EXECUTIVE SESSION

At 8:46 p.m., Mayor Jepsen announced that the Council would recess into Executive Session until 10:30 p.m. to discuss real estate issues. At 10:15 p.m. the Executive Session concluded and the workshop reconvened.

9. ADJOURNMENT

At 10:15 p.m., Mayor Jepsen declared the meeting adjourned.

Sharon Mattioli
City Clerk