



## AGENDA

### SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, May 19, 2008  
6:30 p.m.

Shoreline Conference Center  
Mt. Rainier Room

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <u>Page</u> | <u>Time</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>1. CALL TO ORDER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |             | 6:30        |
| <b>2. FLAG SALUTE/ROLL CALL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |             |             |
| <b>3. CITY MANAGER'S REPORT AND FUTURE AGENDAS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |             |             |
| (a) Legislative Report by Representative Maralyn Chase                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |             |             |
| <b>4. COUNCIL REPORTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |             |             |
| <b>5. GENERAL PUBLIC COMMENT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |             | 7:00        |
| <i>This is an opportunity for the public to address the Council on topics other than those listed on the agenda and which are not of a quasi-judicial nature. Speakers may address Council for up to three minutes, depending on the number of people wishing to speak. If more than 15 people are signed up to speak each speaker will be allocated 2 minutes. When representing the official position of a State registered non-profit organization or agency or a City-recognized organization, a speaker will be given 5 minutes and it will be recorded as the official position of that organization. Each organization shall have only one, five-minute presentation. The total public comment period under Agenda Item 5 will be no more than 30 minutes. Individuals will be required to sign up prior to the start of the Public Comment period and will be called upon to speak generally in the order in which they have signed. If time is available, the Presiding Officer may call for additional unsigned speakers.</i> |             |             |
| <b>6. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |             |             |
| (a) Ordinance No. 500 Amending the Shoreline Municipal Code Chapters 20.50.020 and 20.50.230 to Establish Transition Area Requirements for Development of Land in Regional Business (RB), Community Business (CB) and Industrial (I) Land Use Districts in Proximity to Residential Neighborhoods                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>1</u>    | 7:15        |
| <b>7. STUDY ITEMS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             |             |
| (a) Proposed 2008-2009 Council Goals and Public Input Process                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <u>83</u>   | 8:15        |
| (b) 2007 Fourth Quarter Financial Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <u>89</u>   | 8:45        |
| <b>8. ADJOURNMENT</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |             | 9:15        |

*The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 546-8919 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 546-2190 or see the web page at [www.cityofshoreline.com](http://www.cityofshoreline.com). Council meetings are shown on Comcast Cable Services Channel 21 Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <http://cityofshoreline.com/cityhall/citycouncil/index.cfm>.*

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

|                      |                                                                                                    |
|----------------------|----------------------------------------------------------------------------------------------------|
| <b>AGENDA TITLE:</b> | Transition Area Code Amendments in Response to Moratorium-Ordinance No. 484, as Amended by No. 488 |
| <b>DEPARTMENT:</b>   | Planning and Development Services                                                                  |
| <b>PRESENTED BY:</b> | Joseph W. Tovar, FAICP, Director<br>Paul Cohen, Senior Planner                                     |

**PROBLEM/ISSUE STATEMENT:**

Ordinance No.484, as amended by No. 488, was adopted October 29, 2007 establishing a moratorium in response to community concerns over intense and tall apartment developments that were proposed adjacent to single family neighborhoods (Exhibit A). The moratorium was adopted for 6 months to temporarily stop development in Community Business, Regional Business, or Industrial (CB, RB, or I) zones within 90 feet of the residential R-4, R-6, or R-8 zones. The Planning Commission has recommended code amendments that accomplish this goal. At the April 28, 2008 Council meeting Ordinance No. 502 was passed to extend the moratorium until June 2, 2008 so that alternative code language could be considered in Ordinance No. 500.

On April 28 the Council suggested some possible changes to the recommended code amendments. They were to: 1) Address roof top equipment and their height limits under the proposed 2:1 building envelop and 2) Allow non-obtrusive railings and whip antennae to protrude above the 2:1 building envelope. Please see the Planning Department recommendations below for proposed language that addresses these issues.

**FINANCIAL IMPACT:**

Transition area requirements will help improve the desirability of single family neighborhoods for the people who live there. This may maintain the property values and taxes in single family neighborhoods. Transition areas may decrease the development potential of select CB, RB, and I zoned property.

**RECOMMENDATION**

Staff recommends that Council adopt the code amendments in Ordinance No. 500 (Exhibit B).

Approved By:

City Manager

 City Attorney



## INTRODUCTION

These amendments directly implement the following Comprehensive Plan goal and policies:

- Housing Goal H III: Maintain and enhance single-family and multifamily residential neighborhoods, so that they provide attractive living environments, with new development that is compatible in quality, design and scale within neighborhoods and that provides effective transition between different uses and scales.
- Housing Policy 28: Assure that site and building regulations and design guidelines create effective transitions between substantially different land uses and densities.
- Community Design Policy 9: Buffer the visual impact of commercial, office, industrial and institutional development on residential areas by requiring appropriate building and site design, landscaping, and shielded lighting to be used.

The amendments refine the parameters of the moratorium to require transition area regulations only where CB, RB, or I zones either abut R-4, R-6, or R-8 zones or are directly across a street right-of-way from R-4, R-6, or R-8 zones. The intent of the recommendations is to provide adequate landscape buffer to the abutting single family zones and to reduce the bulk and height of buildings to diminish shadows and the "looming" quality of 60 or 65-foot buildings near single family zones. These amendments would reduce building bulk and increase landscape buffers up to 80 feet into a RB, CB, or I zoned property.

In this proposal the Planning Commission recommends to further the intent of the moratorium by:

1. Including all types of land uses and not just residential development per the moratorium,
2. Removing existing code language that allows R-48 zones adjacent to single family to build up to 60 feet in height,
3. Replacing current transition area provisions that had been adopted only for Industrial (I) zones, and
4. Limiting vehicular access to "arterial" classified streets unless traffic can be deterred from cutting through single family neighborhoods.

## BACKGROUND

The City has had commercial zoned property adjacent to single family zoned property since prior to incorporation. The full development potential of these properties has not been experienced until recently with proposals for apartments and the construction of buildings at South Echo Lake. The City wants to respond to the impacts and increasing

concerns of larger scale development adjacent to single family zones with code amendments to ensure basic protections to the community. The City will likely refine these amendments as subarea plans are introduced in order to respond to more site specific conditions such as topography, traffic patterns, and the interface of other contrasting zones.

### **SEPA Review**

The City issued a SEPA Determination of Non-significance April 4, 2008. The appeal period ended April 18, 2008 without appeal. (Exhibit C)

### **Planning Commission Meetings**

The Planning Commission held meetings March 13 and 20<sup>th</sup> and a public hearing April 3, 2008. (Exhibit D)

### **Amendment Key Elements**

The key elements that affect select CB, RB, or I zones are:

- Include all RB, CB, or I zoned properties abutting or across street rights-of-way from R-4, R-6, or R-8 zones;
- Building envelopes must include an abutting 20 foot setback with additional 800 square foot open spaces to further reduce building bulk;
- Building height will be limited to 35 feet initially to match adjacent single family maximum building heights and then allow buildings to increase in height at a 2:1 slope;
- Limit most roof-top structures to be within the building envelope.
- Ensuring the best landscape screening; and
- Limiting vehicular access to classified arterials, or if not feasible, when traffic mitigations can be imposed.

### **Planning Commission Recommended Code Amendments (underlined and italic) for Transition Area Requirements**

*(1) Development in CB, RB, or I zones abutting to or across street rights-of-way from R-4, R-6, or R-8 zones shall meet the following transition area requirements.*

The moratorium placed a hold on commercial development 90 feet from single family property. This moratorium affected approximately 92 CB, RB, or I zoned parcels. The proposed transition area code amendments would refine the scope to affect approximately 70 parcels (dark red areas of Exhibit E).

The proposed code amendments are aimed at protecting single family properties that are most affected by these commercial zones. The intent is to focus on where the impact is the greatest and apply effective and reasonable commercial development regulations that reach 80 feet into those properties (Exhibit F).

(a) A 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope up to the maximum building height including any roof top equipment and appurtenances for the commercial zone.

The intent of this section is to match the adjacent maximum single family building height on the commercial property with the current 20 foot setback and then use a 2:1 building envelope. This will reduce the "looming" quality of a 60 or 65-foot high building near single family backyards (Exhibit G).

(b) Property abutting R-4, R-6, or R-8 zones must have additional setbacks for every 50 linear feet of abutting property. The additional setback must be a minimum of 20 feet and 800 square feet of open ground.

The intent is to complement the 35-foot height limit of single family buildings with additional setbacks that would break-up the potential for a broad building mass with more of a single family house scale. Each additional setback could potentially remove three, 800 square foot apartments.

(c) Type I landscaping and a solid, 8-foot property line fence shall be required for transition area setbacks abutting R-4, R-6, and R-8 zones. Type II landscaping shall be required for transition area setbacks abutting rights-of-way across from R-4, R-6, R-8 zones. Patio or outdoor recreation areas may replace up to 20% of the landscape area that is required in the transition area setback so long as Type I landscaping can be effectively grown. No patio or outdoor recreation area in the transition area setback may be situated closer than 10 feet from abutting property lines. Required trees species shall be selected to grow a minimum height of 50 feet. A developer shall review with abutting property owners the proposed Type I landscape materials and spacing. If the developer and any abutting property owner mutually agree, the City may approve an alternative landscaping buffer with substitute tree species, spacing or size. The landscape area shall be a recorded easement that requires plant replacement as needed to meet Type I landscaping. No utility easements shall encroach into the landscaping requirements if it is determined that they would impair the viability of the buffer.

The intent is to ensure and provide ample landscape area to grow Type I landscaping abutting single family. Type I acts as a screen with mostly native conifers, 10 feet in height at planting and planted 10 feet apart with shrubs 3 feet apart. Patio and outdoor recreation areas are limited to provide more privacy to the abutting single family properties.

(d) All primary access to development subject to the transition area requirements shall be taken from an arterial street unless determined to not be technically feasible. Determination of technical feasibility shall be made by the Director of Planning and Development Services. Developments determined by the Director as unable to take access from an arterial street shall work with the City's Traffic Engineer to develop and implement a traffic mitigation plan to protect the adjacent single-family community.

The intent is to ensure street capacity for a development with greater traffic and to discourage cut-through traffic on residential streets. The only transition area property that does not have direct access to a City classified arterial is at 1210 N 152<sup>nd</sup> Street.

### **Planning Department Recommendations**

Staff supports the intent and content of the Planning Commission's recommendations. However, the Planning Department recommends alternative language underlined below only to clarify the regulations so that they are more easily understood and administered. Council suggested changes are in **bold**.

(1) Development in CB, RB, or I zones abutting or across street rights-of-way from R-4, R-6, or R-8 zones shall meet the following transition area requirements:

(a) A 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope up to the maximum building height for CB, RB or I zones, including roof structures housing or screening elevators, stairways, tanks, ventilating fans, or similar equipment required for building operation and maintenance, fire walls, skylights, flagpoles, chimneys, utility lines, towers, and poles, steeples, crosses, spires, balconies and WTFs that do not exceed 10 feet in height and parapet walls that do not exceed 4 feet in height. Exceptions to the above roof top structures are transparent safety railings and whip antennae.

(b) Property abutting R-4, R-6, or R-8 zones must have a 20 foot setback. No more than 50 feet of building façade abutting this 20 foot setback shall occur without an open space of 800 square feet with a minimum 20 foot dimension.

(c) Type I landscaping and a solid, 8-foot property line fence shall be required for transition area setbacks abutting R-4, R-6, or R-8 zones. Type II landscaping shall be required for transition area setbacks abutting rights-of-way across from R-4, R-6 or R-8 zones. Patio or outdoor recreation areas may replace up to 20% of the landscape area that is required in the transition area setback so long as Type I landscaping can be effectively grown. No patio or outdoor recreation areas in the transition area setback may be situated closer than 10 feet from abutting property lines. Required trees species shall be selected to grow a minimum height of 50 feet. A developer shall provide a Type I landscaping plan for distribution with the Notice of Application. Based on comments, the City may approve an alternative landscape buffer with substitute tree species, spacing and size. The landscape area shall be a recorded easement that requires plant replacement as needed to meet Type I landscaping. Utility easements parallel to the required landscape area shall not encroach into the landscape area.

(d) All vehicular access to proposed development in RB, CB, or I zones shall be from arterial classified streets unless determined by the Director to be technically not feasible. If determined to be technically not feasible, the developer shall implement traffic measures, approved by the City Traffic Engineer, which mitigate potential cut-through traffic impacts to single family neighborhoods.

## **DISCUSSION**

The Commission discussed the proposal over the course of three meetings. The Commission heard from approximately 10 people (Exhibit H). Their concerns are:

1. Building envelope should be a 2:1 slope from the property line not the 35 foot height limit.
2. More public notice is needed for code changes or development proposals.
3. Traffic and parking overflow into single family neighborhoods.
4. Limit density to 48 units per acre.
5. Building height limits should not include parapets and roof top equipment for an additional 15 feet.
6. Rezone bordering single family zones to an intermediary density such as R-24.

### **Questions Raised by the Planning Commission**

**What assures that the Type I Landscape Area will be substantial and its purpose not compromised?** The proposed code amendments: 1) Require a landscape easement be recorded with title to ensure plant replacement, no building allowed, and limit recreation space to 20%. 2) Protect the landscape buffer from being diminished by a utility easement that runs parallel to the abutting property. 3) Allow abutting property owners to negotiate alternative tree selections.

**Would surface parking lots be allowed behind a building that is abutting a single family zone?** Under this proposed code amendment surface parking lots would be allowed behind the 20-foot wide landscape area with plants and fence. It would effectively screen parking and it would provide additional building setback.

**How would transition area requirements be applied to properties that only partially abut each other?** The proposed language requires transition area requirements when abutting to or across street right-of-ways from R-4, R-6, or R-8 zones. That provision means that any portion of the adjoining commercial property that meets this criterion will require transition area requirements radiating in from the point of property contact.

**How would commercial properties be impacted if they are shallow?** Generally, commercial properties less than 80 feet in depth may not reach the allowable height limit. The proposed Type I landscaping is unchanged from the current code language, however, the additional assurance for a longer lasting buffer and more setbacks into the building bulk are further impacts on the development potential.

**Could a multi-building development circumvent the additional setback requirement?** The code amendment describes setbacks as an envelope in which buildings must be contained. Those setbacks will be met unrelated to the number of buildings. Sites less than about 80 feet wide may be able to build a building 50 feet long and then be required to add setbacks of the remaining property whether there is

enough for 800 square feet, however, the open space will need a minimum dimension of 20 feet.

The Commission agrees that the proposal will likely result in structures that are less bulky and less dense than the development currently allowed in these commercial zones. They believe that there will be greater protection to the single family neighborhoods abutting or near these potential developments. In addition, the Planning Commission discussed and acknowledged that possible impacts of traffic and parking would likely be secondary impacts to the neighborhood depending how parking standards would apply and where traffic would enter or leave a site and be controlled. The Planning Commission acknowledged that this amendment will be an effective protection but may need refinement as the City considers subarea plans and subsequent code amendments.

### **RECOMMENDATION**

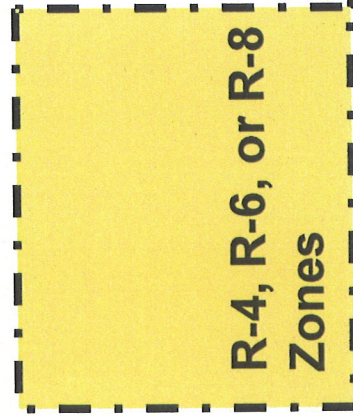
Staff recommends that Council adopt the code amendments in Ordinance No. 500 (Exhibit B).

### **EXHIBITS**

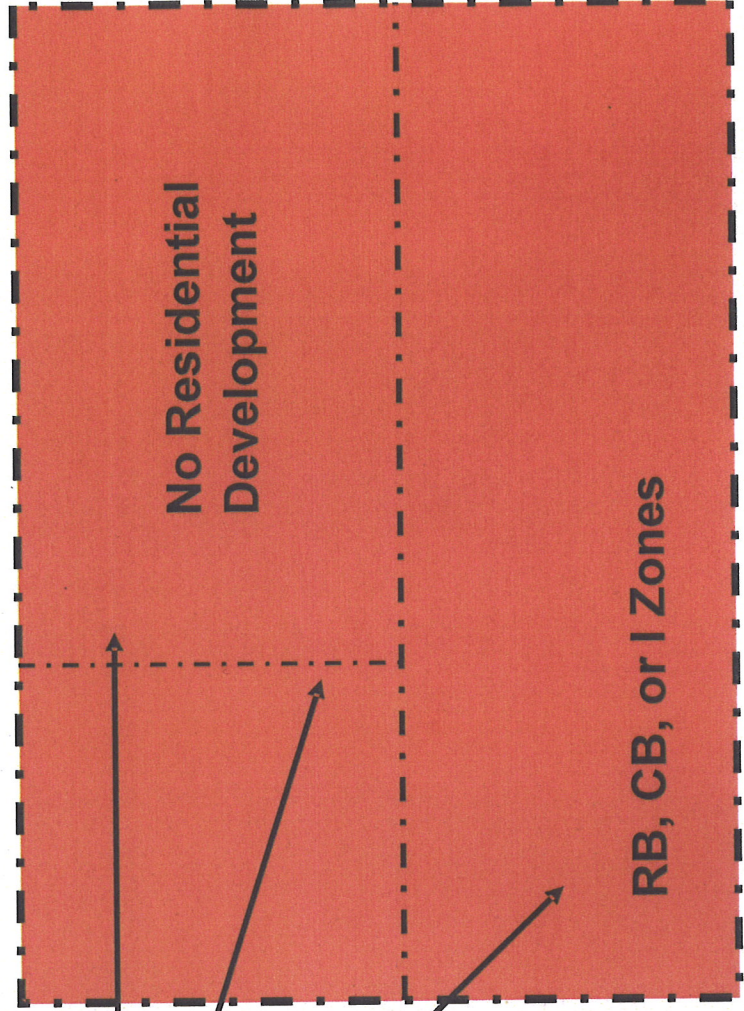
- A. Moratorium 488
- B. Ordinance No. 500 Code Amendment
- C. SEPA Determination
- D. Planning Commission Public Hearing and Minutes
- E. City Map of Affected Properties
- F. Plan View of Transition Area
- G. Cross-Section of Transition Area
- H. Public Comment Letters

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# Moratorium 488



90-Foot Radii



# ORIGINAL

## ORDINANCE NO. 488

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING A MORATORIUM ON THE FILING OR ACCEPTANCE OF ANY APPLICATIONS FOR RESIDENTIAL DEVELOPMENT OF LAND WITHIN THE COMMUNITY BUSINESS, INDUSTRIAL OR REGIONAL BUSINESS LAND USE DISTRICTS IN PROXIMITY TO RESIDENTIAL NEIGHBORHOODS.**

WHEREAS, under the provisions of the Growth Management Act the City has adopted development regulations implementing the City of Shoreline Comprehensive Plan; and

WHEREAS, the City's adopted land use regulations pursuant to Land Use Policies for the Community Business and Regional Business land use designations include Community Business, Regional Business and Industrial zoning districts in both of these Comprehensive Plan land use designations; and

WHEREAS, these three business zones include development standards for residential development which may be incompatible when located adjacent to existing residential zones; and

WHEREAS, the continued acceptance of development applications proposing new residential development utilizing existing community business, regional business and industrial zone development standards and density may allow development that is incompatible with existing neighborhoods, leading to erosion of community character and harmony, and a decline in property values; and

WHEREAS, a six-month moratorium on the filing of applications for residential development in these three business zones will allow the City to preserve planning options and prevent substantial change until the existing land areas so designated and the text of development standards applicable to residential development in these zones is reviewed and any needed revisions are made to these regulations; and

WHEREAS, the City Council has determined from recent public correspondence and comment that the integrity of existing land uses may suffer irreparable harm unless a moratorium is adopted; and

WHEREAS, the potential adverse impacts upon the public safety, welfare, and peace, as outlined herein, justify the declaration of an emergency; and

WHEREAS, pursuant to SEPA regulation SMC 20.30.550 adopting Washington Administrative Code Section 197-11-880, the City Council finds that an exemption under SEPA for this action is necessary to prevent an imminent threat to public health and safety and to prevent an imminent threat of serious environmental degradation through

# ORIGINAL

continued development under existing regulations. The City shall conduct SEPA review of any permanent regulations proposed to replace this moratorium; and

WHEREAS, a public hearing was held on Ordinance No. 484 adopting a moratorium on residential development in the CB, RB and I zones in close proximity to low density residential neighborhoods; and

WHEREAS, Council finds that some exceptions to the moratorium should be adopted to allow certain residential development covered by the moratorium which does not created an impact to adjacent residential neighborhoods; now therefore

## THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

**Section 1. Finding of Fact.** The recitals set forth above are hereby adopted as findings of the City Council.

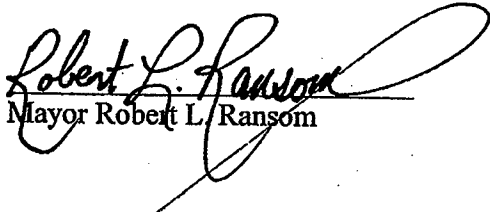
**Section 2. Moratorium Amended.** Section 2 of Ordinance 484 is hereby amended as follows:

A moratorium is adopted upon the filing of any application for development within the Community Business, Regional Business or Industrial zoning districts of the City which includes proposed residential use of any parcel located within 400 90 feet of an R-4, R-6 or R-8 zoning district. No land use development proposal or application may be filed or accepted which proposes a development described in this section. Development otherwise prohibited by this moratorium shall be allowed if the following criteria are met:

1. The maximum height of a residential building proposed in the RB, CB, and I zones shall not exceed 40 feet above the average elevation of the shared property line with R-4, R-6, or R-8 zones.

**Section 3. Effective Dates.** This ordinance shall take effect and be in full force five days after publication of a summary consisting of the title in the official newspaper of the City, and shall expire April 29, 2008 unless extended or repealed according to law.

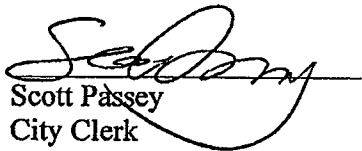
PASSED BY THE CITY COUNCIL ON DECEMBER 17, 2007

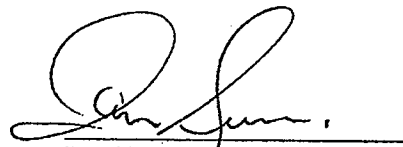
  
Mayor Robert L. Ransom

ATTEST:

APPROVED AS TO FORM:

ORIGINAL

  
Scott Passey  
City Clerk

  
Ian Sievers  
City Attorney

Date of publication: ~~December 20, 2007~~ January 14, 2008  
Effective date: December 25, 2007 January 19, 2008

## **ORDINANCE NO. 500**

### **AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON AMENDING THE SHORELINE MUNICIPAL CODE, SECTIONS 20.50.020 AND 20.50.230, TO ESTABLISH TRANSITION AREA REQUIREMENTS FOR DEVELOPMENT OF LAND IN REGIONAL BUSINESS, COMMUNITY BUSINESS, AND INDUSTRIAL LAND USE DISTRICTS IN PROXIMITY TO RESIDENTIAL NEIGHBORHOODS**

WHEREAS, the City of Shoreline is a jurisdiction planning under the Growth Management Act and is therefore subject to the goals and requirements of Chapter 36.70A RCW during the preparation of development regulations, including those that pertain to development standards adjacent to residential zones; and

WHEREAS, the Planning Commission conducted study session workshops on March 13 and March 20, 2008, and held a Public Hearing on April 3, 2008, after which the Commission approved a recommendation to the City Council to amend sections 20.50.020 and 20.50.230 of the Municipal Code;

WHEREAS, on February 8, 2008, the proposed amendments were submitted to the State Department of Community Development for comment pursuant to WAC 365-195-820 and no comments were received; and

WHEREAS, a SEPA Determination of Nonsignificance was issued on April 4, 2008 in reference to the proposed amendments to the Development Code; and

WHEREAS, the Council finds that the amendments adopted by this ordinance are consistent with and implement the Shoreline Comprehensive Plan and comply with the adoption requirements of the Growth Management Act, Chapter 36.70A. RCW; and

WHEREAS, the Council finds that the amendments adopted by this ordinance meet the criteria in Title 20 for adoption of amendments to the Development Code; now therefore

### **THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO ORDAIN AS FOLLOWS:**

**Section 1. Amendment.** Shoreline Municipal Code Sections 20.50.020 and 20.50.230 are amended as set forth in Exhibit 1, which is attached hereto and incorporated herein.

**Section 2. Repeal.** Ordinance No. 488, as extended, establishing a moratorium and interim controls on the filing and acceptance of residential development applications in Community Business, Residential Business, and Industrial zoning districts in proximity to residential zones is hereby repealed upon the effective date of this ordinance.

**Section 3. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

**Section 4. Effective Date and Publication.** A summary of this ordinance consisting of the title shall be published in the official newspaper and the ordinance shall take effect five days after publication.

**PASSED BY THE CITY COUNCIL ON MAY 19, 2008.**

\_\_\_\_\_  
Mayor Cindy Ryu

**ATTEST:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Scott Passey  
City Clerk

\_\_\_\_\_  
Ian Sievers  
City Attorney

Date of Publication: May , 2008  
Effective Date: May , 2008

**20.50.020 Standards – Dimensional requirements.**

A. Table 20.50.020(1) specifies densities and dimensional standards for permitted development applicable in residential zones.

Table 20.50.020(2) specifies densities and dimensional standards for residential development in other zones.

Table 20.50.020(1) – Densities and Dimensions in Residential Zones

Note: Exceptions to the numerical standards in this table are noted in parentheses and described below.

| Residential Zones                       |                                            |                                            |                |                |                                              |                                              |                                                             |
|-----------------------------------------|--------------------------------------------|--------------------------------------------|----------------|----------------|----------------------------------------------|----------------------------------------------|-------------------------------------------------------------|
| STANDARDS                               | R-4                                        | R-6                                        | R-8            | R-12           | R-18                                         | R-24                                         | R-48                                                        |
| Base Density:<br>Dwelling<br>Units/Acre | 4 du/ac                                    | 6 du/ac (7)                                | 8<br>du/ac     | 12<br>du/ac    | 18 du/ac                                     | 24 du/ac                                     | 48 du/ac                                                    |
| Min. Density                            | 4 du/ac                                    | 4 du/ac                                    | 4<br>du/ac     | 6<br>du/ac     | 8 du/ac                                      | 10 du/ac                                     | 12 du/ac                                                    |
| Min. Lot Width (2)                      | 50 ft                                      | 50 ft                                      | 50 ft          | 30 ft          | 30 ft                                        | 30 ft                                        | 30 ft                                                       |
| Min. Lot Area (2)                       | 7,200 sq ft                                | 7,200 sq ft                                | 5,000<br>sq ft | 2,500<br>sq ft | 2,500 sq ft                                  | 2,500 sq ft                                  | 2,500 sq ft                                                 |
| Min. Front Yard<br>Setback (2) (3)      | 20 ft                                      | 20 ft                                      | 10 ft          | 10 ft          | 10 ft                                        | 10 ft                                        | 10 ft                                                       |
| Min. Rear Yard<br>Setback (2) (4) (5)   | 15 ft                                      | 15 ft                                      | 5 ft           | 5 ft           | 5 ft                                         | 5 ft                                         | 5 ft                                                        |
| Min. Side Yard<br>Setback (2) (4) (5)   | 5 ft min. and<br>15 ft total<br>sum of two | 5 ft min. and<br>15 ft total<br>sum of two | 5 ft           | 5 ft           | 5 ft                                         | 5 ft                                         | 5 ft                                                        |
| Base Height                             | 30 ft<br><br>(35 ft with<br>pitched roof)  | 30 ft<br><br>(35 ft with<br>pitched roof)  | 35 ft          | 35 ft          | 35 ft<br><br>(40 ft with<br>pitched<br>roof) | 35 ft<br><br>(40 ft with<br>pitched<br>roof) | 35 ft<br><br>(40 ft with<br>pitched<br>roof)<br><br>(8) (9) |
| Max. Building<br>Coverage (2) (6)       | 35%                                        | 35%                                        | 45%            | 55%            | 60%                                          | 70%                                          | 70%                                                         |

|                                 |     |     |     |     |     |     |     |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|
| Max. Impervious Surface (2) (6) | 45% | 50% | 65% | 75% | 85% | 85% | 90% |
|---------------------------------|-----|-----|-----|-----|-----|-----|-----|

Exceptions to Table 20.50.020(1):

- (1) Repealed by Ord. 462.
- (2) These standards may be modified to allow zero lot line developments. Setback variations apply to internal lot lines only. Overall site must comply with setbacks, building coverage and impervious surface limitations; limitations for individual lots may be modified.
- (3) For exceptions to front yard setback requirements, please see SMC 20.50.070.
- (4) For exceptions to rear and side yard setbacks, please see SMC 20.50.080.
- (5) For developments consisting of three or more dwellings located on a single parcel, the building setback shall be 15 feet along any property line abutting R-4 or R-6 zones. Please see SMC 20.50.130.
- (6) The maximum building coverage shall be 35 percent and the maximum impervious surface shall be 50 percent for single-family detached development located in the R-12 zone, excluding cottage housing.
- (7) The base density for single-family detached dwellings on a single lot that is less than 14,400 square feet shall be calculated using a whole number, without rounding up.
- ~~(8) For development on R-48 lots abutting R-4, R-6, and R-8 zoned lots the maximum height allowed is 35 feet. The height of these lots may be increased to a maximum of 50 feet with the approval of a conditional use permit or to a maximum of 60 feet with the approval of a special use permit.~~
- (9) ~~(8)~~ For development on R-48 lots abutting R-12, R-24, R-48, O, NB, CB, NCBD, RB, I, and CZ zoned lots the maximum height allowed is 50 feet and may be increased to a maximum of 60 feet with the approval of a conditional use permit.

Table 20.50.020(2) – Densities and Dimensions for Residential Development in Nonresidential Zones

| STANDARDS                            | Neighborhood Business (NB) and Office (O) Zones | Community Business (CB) Zone (2) | Regional Business (RB) and Industrial (I) Zones (2) |
|--------------------------------------|-------------------------------------------------|----------------------------------|-----------------------------------------------------|
| Maximum Density: Dwelling Units/Acre | 24 du/ac                                        | 48 du/ac                         | No maximum                                          |
| Minimum Front Yard Setback           | 10 ft                                           | 10 ft                            | 10 ft                                               |

|                                                                |       |       |           |
|----------------------------------------------------------------|-------|-------|-----------|
| Minimum Side Yard Setback from Nonresidential Zones            | 5 ft  | 5 ft  | 5 ft      |
| Minimum Rear Yard Setback from Nonresidential Zones            | 15 ft | 15 ft | 15 ft     |
| Minimum Side and Rear Yard (Interior) Setback from R-4 and R-6 | 20 ft | 20 ft | 20 ft     |
| Minimum Side and Rear Yard Setback from R-8 through R-48       | 10 ft | 10 ft | 15 ft     |
| Base Height (1)                                                | 35 ft | 60 ft | 65 ft (2) |
| Maximum Impervious Surface                                     | 85%   | 85%   | 95%       |

Exceptions to Table 20.50.020(2):

(1) Please see Exception 20.50.230(3) for an explanation of height bonus for mixed-use development in NB and O zones.

(2) ~~For all portions of a building in the I zone abutting R-4 and R-6 zones, the maximum height allowed at the yard setback line shall be 35 feet, 50-foot height allowed with additional upper floor setback (transition line setback) of 10 feet. To 65 feet with additional upper floor setback (transition line setback) of 10 feet after 50-foot height limit. Unenclosed balconies on the building are above the 35-foot transition line setback shall be permitted to encroach into the 10-foot setback.~~

(2) Development in CB, RB, or I zones abutting or across street rights-of-way from R-4, R-6, or R-8 zones shall meet the following transition area requirements:

(a) A 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope. However, safety railings with thin or transparent components and whip antennas are allowed above this building envelope. Structures allowed above the maximum height of the zone under SMC20.50.030, Exception (5) may not exceed the building envelope slope or exceed the maximum building height by more than 10 feet, or 4 feet for parapet walls.

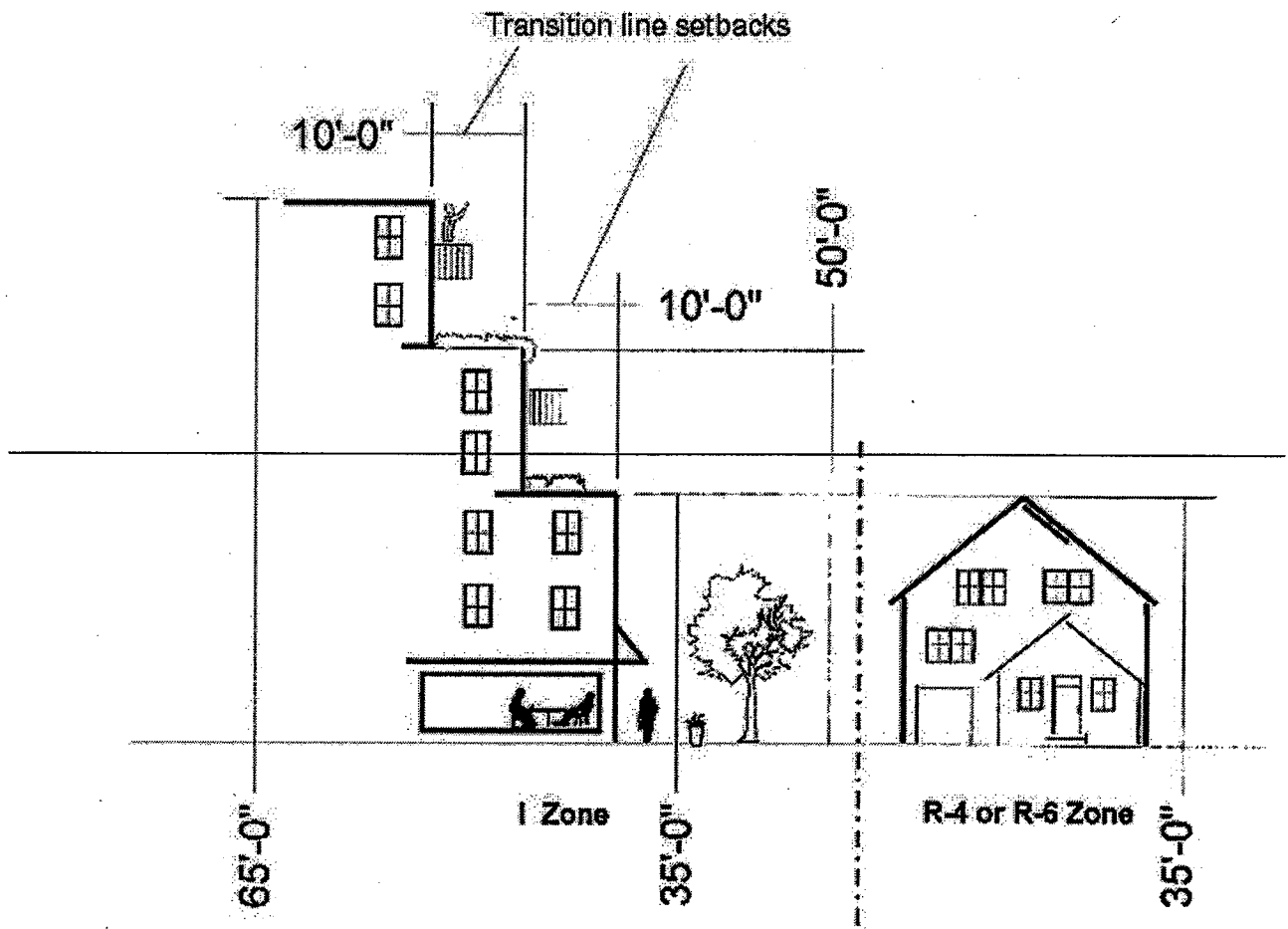
(b) Property abutting R-4, R-6, or R-8 zones must have a 20 foot setback. No more than 50 feet of building façade abutting this 20 foot setback shall occur without an open space of 800 square feet with a minimum 20 foot dimension.

(c) Type I landscaping and a solid, 8-foot property line fence shall be required for transition area setbacks abutting R-4, R-6, or R-8 zones. Type II landscaping shall be required for transition area setbacks abutting rights-of-way across from R-4, R-6 or R-8 zones. Patio or outdoor recreation areas may replace up to 20% of the landscape area that is required in the transition area setback so long as Type I landscaping can be effectively grown. No patio or outdoor recreation areas in the

## EXHIBIT 1

transition area setback may be situated closer than 10 feet from abutting property lines. Required trees species shall be selected to grow a minimum height of 50 feet. A developer shall provide a Type I landscaping plan for distribution with the Notice of Application. Based on comments, the City may approve an alternative landscaping buffer with substitute tree species, spacing and size. The landscape area shall be a recorded easement that requires plant replacement as needed to meet Type I landscaping. Utility easements parallel to the required landscape area shall not encroach into the landscape area.

(d) All vehicular access to proposed development in RB, CB, or I zones shall be from arterial classified streets unless determined by the Director to be technically not feasible. If determined to be technically not feasible, the developer shall implement traffic mitigation measures, approved by the City Traffic Engineer, which mitigate potential cut-through traffic impacts to single family neighborhoods.



~~Figure Exception 20.50.020(2): For all portions of a building in the I zone abutting to R-4 and R-6 zones, the maximum height allowed at the yard setback line shall be 35 feet, 50-foot height allowed with additional upper floor setback (transition line setback) of 10 feet. Sixty five feet allowed with additional upper floor setback (transition line setback) of 10 feet after 50-foot height limit. Unenclosed balconies on the building that are above the 35-foot transition line setback shall be permitted to encroach into the 10-foot setback.~~

**20.50.230 Site planning – Setbacks and height – Standards.**

Table 20.50.230 – Dimensions for Commercial Development in Commercial Zones

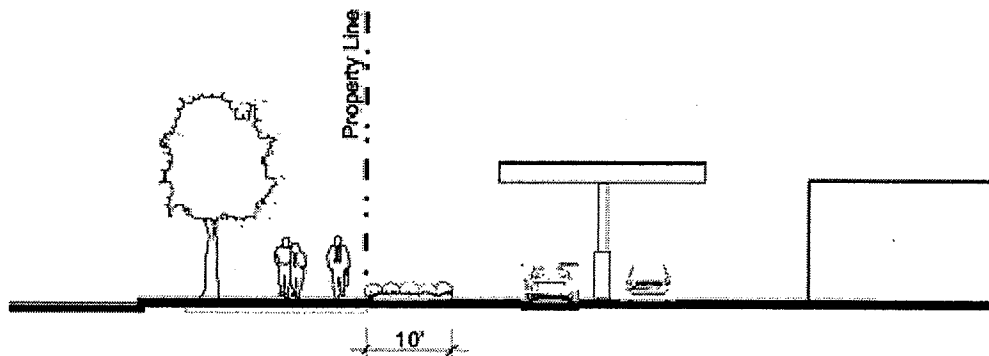
Note: Exceptions to the numerical standards in this table are noted in parenthesis and described below.

| STANDARDS                                                                      | Neighborhood Business (NB) and Office (O) Zones | Community Business (CB) | Regional Business (RB) and Industrial (I) Zones |
|--------------------------------------------------------------------------------|-------------------------------------------------|-------------------------|-------------------------------------------------|
| Min. Front Yard Setback (Street)<br>(1) (2)                                    | 10 ft                                           | 10 ft                   | 10 ft                                           |
| Min. Side and Rear Yard (Interior) Setback from NB, O, CB, RB, and I Zones (2) | 0 ft                                            | 0 ft                    | 0 ft                                            |
| Min. Side and Rear Yard (Interior) Setback from R-4 and R-6 (2)                | 20 ft                                           | 20 ft                   | 20 ft                                           |
| Min. Side and Rear Yard (Interior) Setback from R-8 through R-48 (2)           | 10 ft                                           | 10 ft                   | 15 ft                                           |
| Base Height (5)                                                                | 35 ft (3)                                       | 60 ft                   | 65 ft (4)                                       |
| Max. Impervious Surface                                                        | 85%                                             | 85%                     | 90%                                             |

Exceptions to Table 20.50.230:

(1) Front yard setback may be reduced to zero feet if adequate street improvements are available or room for street improvements is available in the street right-of-way.

Front Yard (Street) Setback: Residential developments (excluding mixed-use developments), parking structures, surface parking areas, service areas, gas station islands, and similar paved surfaces shall have a minimum 10 feet wide, fully landscaped separation measured from the back of the sidewalk.



Example of landscaped setback between the sidewalk and a gas station.

- (2) Underground parking may extend into any required setbacks, provided it is landscaped at the ground level.

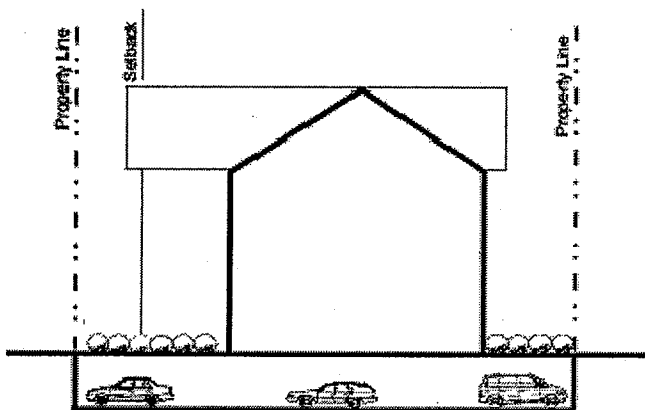
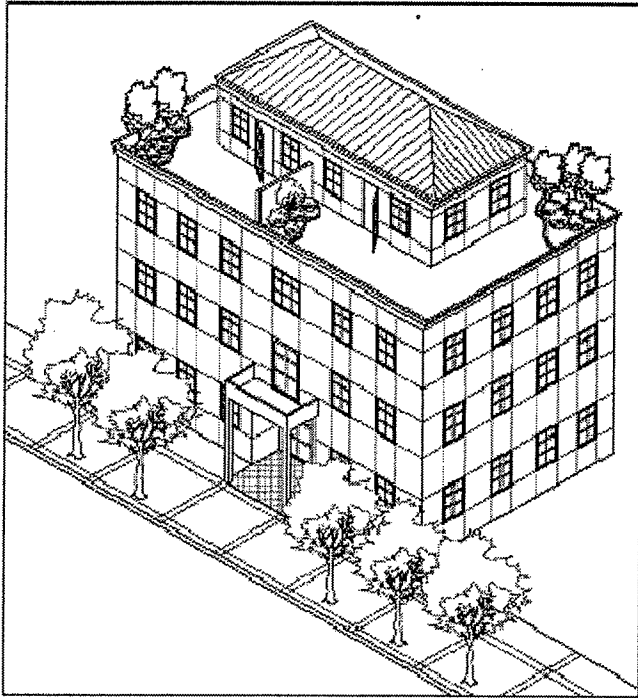


Diagram of multifamily structure with underground parking within a required setback.

- (3) Bonus for mixed-use development in NB and O zones: In order to provide flexibility in types of housing and to meet the policies of the Comprehensive Plan, the base height may be increased for mixed-use development to four stories or up to 50 feet, if the added story is stepped back from the third story walls at least eight feet, and subject to the following requirement:

Residential dwelling units shall occupy a minimum of 25 percent to a maximum of 90 percent of the total floor area of the building.



Example of bonus floor for mixed-use development.

(4) See SMC Table 20.50.020(2), Exception (2), for transition area requirements for CB, RB, or I development abutting R-4, R-6, or R-8 zones or across the street rights-of-way from R-4, R-6, or R-8 zones. For all portions of a building in the I zone abutting R-4 and R-6 zones, the maximum height allowed at yard setback line shall be 35 feet, 50-foot height allowed with additional upper floor setback (transition line setback) of 10 feet. To 65 feet with additional upper floor setback (transition line setback) of 10 feet after 50-foot height limit. Unenclosed balconies on the building that are above the 35-foot transition line setback shall be permitted to encroach into the 10-foot setback.

(5) Except as further restricted by SMC Table 20.50.020(2), Exception (2), the following structures may be erected above the height limits in all zones:

- a. Roof structures housing or screening elevators, stairways, tanks, ventilating fans, or similar equipment required for building operation and maintenance, fire or parapet walls, skylights, flagpoles, chimneys, utility lines, towers, and poles; provided, that no structure shall be erected more than 15 feet above the height limit of the district, whether such structure is attached or free standing;
- b. Steeples, crosses, and spires when integrated as an architectural element of a building may be erected up to 18 feet above the height limit of the district.



## Planning and Development Services

17544 Midvale Avenue N.  
Shoreline, WA 98133-4921  
(206) 546-1811 ♦ Fax (206) 546-8761

### SEPA THRESHOLD DETERMINATION DETERMINATION OF NON-SIGNIFICANCE (DNS)

#### Transition Area Code Amendments

##### PROJECT INFORMATION

**Date of Issuance:** April 4, 2008  
**Proposed Project Description:** Amend Development Code to reduce building envelope and increase landscape screening in RB, CB, or I zones when adjacent to R-4, R-6, or R-8 zones  
**Project Number:** NA  
**Applicant:** City of Shoreline  
**Location:** City-Wide  
**Parcel Number:** City Wide  
**Current Zoning:** City-Wide  
**Current Comprehensive Plan Land Use Designation:** City-Wide  
**COMMENT PERIOD DEADLINE:** April 3, 2008

#### THRESHOLD DETERMINATION: Determination of Non-significance (DNS).

The City of Shoreline has determined that the proposal will not have a probable significant adverse impact on the environment and that an environmental impact statement is not required under RCW 43.21C.030(2)(c). This decision was made after numerous visits to potential sites and review of the environmental checklist, site plans, building elevation plans, and other information on file with the City. This information is available to the public upon request at no charge. Please see the Shoreline Comprehensive Plan, RCW 43.21C.020, and SMC Chapter 20.30.490 for more information about the sources of SEPA Substantive Authority.

#### APPEAL INFORMATION

The optional DNS process, as specified in WAC 197-11-355, has been used. A Notice of Application that stated the lead agency's intent to issue a DNS for this project was issued on April 4, 2008 and a 14 day comment period followed. There is no additional public comment for this DNS. The threshold determination on the Type L action may be appealed within 14 calendar days following the date of the determination. Appeals of the SEPA threshold determination must be received by the City by 5:00 PM on April 18, 2008. Appeals must include a fee of \$420.75 and must comply with the General Provisions for Land Use Hearings and Appeals in sections 20.30.170-270 of the Shoreline Development Code. If an appeal is filed, the City will include it with the required open record pre-decisional public hearing on the use permit that will be conducted by the Hearing Examiner at a date to be determined.

Paul Cohen, Project Manager  
Department of Planning and Development Services  
City of Shoreline

Date

April 4, 2008

## CITY OF SHORELINE

### SHORELINE PLANNING COMMISSION SUMMARY MINUTES OF REGULAR MEETING

March 20, 2008  
7:00 P.M.

Shoreline Conference Center  
Mt. Rainier Room

#### COMMISSIONERS PRESENT

Vice Chair Kuboi  
Commissioner Wagner  
Commissioner Phisuthikul  
Commissioner McClelland  
Commissioner Harris  
Commissioner Hall (left at 8:20 p.m.)

#### STAFF PRESENT

Joe Tovar, Director, Planning & Development Services  
Paul Cohen, Senior Planner, Planning & Development Services  
Jessica Simulcik Smith, Planning Commission Clerk

#### COMMISSIONERS ABSENT

Chair Piro  
Commissioner Broili  
Commissioner Pyle

#### CALL TO ORDER

Vice Chair Kuboi called the regular meeting of the Shoreline Planning Commission to order at 7:08 p.m.

#### ROLL CALL

Upon roll call by the Commission Clerk, the following Commissioners were present: Vice Chair Kuboi, and Commissioners Wagner, Phisuthikul, McClelland, Harris and Hall. Chair Piro and Commissioners Broili and Pyle were excused.

#### APPROVAL OF AGENDA

The Director's Report was moved to after the public hearing. The remainder of the agenda was approved as presented.

#### APPROVAL OF MINUTES

Approval of the minutes of March 6, 2008 was deferred to the next meeting. The Commission asked staff to review the minutes and clarify the use of the terms "applicant" and "applicants" and "property" and "properties".

## GENERAL PUBLIC COMMENT

Joseph Irons, Shoreline, expressed concern about the traffic impacts to his neighborhood street, Ashworth Avenue North, which is a residential street. They haven't seen good result from the neighborhood traffic safety program that was recently implemented. As more development occurs in the area, more traffic would come through the street. He asked that the City take more steps to make the street safer. Mr. Tovar suggested the Commission request a written report from the Public Works Department regarding Ashworth Avenue. Mr. Irons shared that the neighbors have continually worked with the Public Works Department, but the programs they have implemented have not improved the situation. In fact, the light that was recently installed actually seems to have made the situation worse. He noted that several of his concerned neighbors were in the audience, as well.

Mr. Tovar clarified that the Planning Commission does not have a roll in resolving rights-of-way issues. These matters are handled by the Public Works Director, the City Manager, and the City Council. Commissioner McClelland pointed out that while the Commission is interested in learning about residual affects on a neighborhood street as the result of a change, they do not have the authority to resolve the problems.

Les Nelson, Shoreline, recalled that for the past six months he and others have come before the Commission to explain how they interpret the relationship between the Comprehensive Plan and the zoning code, particularly regarding the concepts of unlimited density, regional business and community business. Apparently, the City Council agreed with his interpretation because they created a moratorium over night, which doesn't typically happen unless there is a real issue that needs to be addressed. The interpretations the City has been making over the years are based on the assumption that the code is law. He expressed his belief that just because a City passes something by ordinance, doesn't mean it can't be tested and found to be out of compliance with the Comprehensive Plan. According to the Growth Management Act, this could make the code invalid and require the City to make changes. He expressed his interpretation that the concept of unlimited density is inconsistent with the Comprehensive Plan.

Mr. Tovar agreed that if a citizen feels the Development Code and the Comprehensive Plan are inconsistent, an appeal could be filed to the Growth Management Hearings Board. However, the law was carefully constructed by the legislature so that the appeal period to allege non-compliance or lack of consistency is opened when the local government publishes notice of the action and closes 60 days later unless an appeal has been filed. So the actions that Mr. Nelson referenced cannot be challenged by the Growth Management Act. He summarized that anything the City Council adopts by ordinance (amendments to the code or to the plan) is subject to an appeal, but it has to be filed within 60 days of when the action was taken and would be limited to individuals of standing (people who provided comments in writing or verbally to the Planning Commission and City Council). He expressed his belief that the proposed amendments would be consistent with the current Comprehensive Plan.

Mr. Nelson pointed out that if a code regulation was never adopted through the comprehensive plan amendment process, one could argue that the 60-day clock never was started. Mr. Tovar agreed that if the City adopts an ordinance without publishing notice of the change, there would be no limit on the appeal period. Commissioner Wagner asked how this would impact the moratorium that was put in

place by the City Council. Mr. Tovar explained that the Growth Management Act has a special provision for moratoriums and interim controls, which is what the City currently has in place. If no amendments have been adopted by the time the moratorium expires at the end of April, the code would revert back to the way it was previously.

### **PUBLIC HEARING ON CODE AMENDMENTS TO REPLACE MORATORIUM (INTERIM REGULATIONS) IN CB, RB, AND I ZONES**

Vice Chair Kuboi reviewed the rules and procedures for the legislative public hearing to consider code amendments to replace the moratorium (interim regulations) in the CB, RB and I zones. He noted that because the notice for the hearing did not meet the City's requirement, another public hearing would be conducted on April 3<sup>rd</sup>. Those who speak tonight would also be allowed to speak at the next hearing. However, he asked that those who do speak twice limit their comments to new observations. He emphasized that the Commission would not deliberate and make a recommendation to the City Council until after the second public hearing has taken place.

### **Staff Overview and Presentation of Preliminary Staff Recommendation**

Mr. Cohen reviewed the staff report. He advised that the code amendments were instigated by a moratorium that was passed by the City Council in October of 2007. The purpose of the moratorium was to stop all residential development in CB, RB and I zones that are located within 90 feet of the R-4, R-6 and R-8 zones. The moratorium was later amended to exclude proposals that are less than 40 feet above the average elevation of the shared property line. He recalled that there was quite a bit of neighborhood concern about a proposed development on 152<sup>nd</sup>, and the City Council responded by passing the moratorium until the issues and concerns could be addressed. Staff agreed there were not enough requirements to address the impacts of intensive development adjacent to single-family zones. He referred to the proposal that was prepared by staff to address the transition area requirements, keeping in mind that as subarea plans are created later on, the transition areas would be further refined.

Mr. Cohen reviewed the Comprehensive Plan goals and policies that support transition area requirements. Housing Goal H III talks about new development that is compatible in quality, design and scale within neighborhoods and that provides effective transitions between different uses and scales. Housing Policy H28 talks about having effective transitions between substantially different land uses and density. There is also policy support to require appropriate building and site design, landscaping, and design features to make the more intense uses more compatible with the single-family residential neighborhoods.

Mr. Cohen reviewed that the proposed amendments would delete a section in SMC 20.50.020 which allows R-48 zoning adjacent to single-family to reach heights of 50 and 60 feet. In addition, new language would be added to both SMC 20.50.020(2) – Exception 2 and SMC 20.50.230 – Exception 4. He referred the Commission to Attachment C, which outlines the proposed code amendments. He advised that since the last meeting the City Attorney recommended some changes to clean up redundancy in language. In addition, the Planning Commission asked staff to define or simplify the

terms "buffer," "setback," and "inset." The new language relies on the terms "transition area" and "setbacks" as a way to describe the concept proposed in the new language.

Mr. Cohen reviewed the following elements of the proposed language as follows:

- All development in commercial CB, RB or I zones abutting to or across a street right-of-way from single-family zones R-4, R-6 and R-8 shall meet transition requirements.
- For these commercial zones abutting to or across the street right-of-way from R-4, R-6, and R-8 zones, transition areas allow a 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope up to the maximum building height for the commercial zone.
- In addition to setbacks, building facades abutting R-4, R-6 and R-8 zones must have setbacks for every 50 horizontal feet of façade. The setback must be a minimum 800 square feet of open ground with a minimum 20-foot horizontal dimension. *Mr. Cohen advised that the intent of requirement is to break up the potential massiveness and bulk of a residential/commercial building that abuts a single-family residential zone. He advised that originally, the moratorium was only for residential development in the zone, but staff felt the requirements should be extended to all types of development in these zones.*
- Transition area setbacks shall contain Type I landscaping along property lines abutting R-4, R-6 and R-8 zones and Type II landscaping along property lines with right-of-way across from R-4, R-6 and R-8 zones. A solid, 8-foot high fence shall be placed on the abutting property line. Patio or outdoor recreation areas are allowed up to 20% of buffer area and no less than 10 feet from abutting property lines if Type I landscaping can be effectively grown. Required tree species shall be selected to grow a minimum height of 50 feet. The option for a written agreement with the abutting property owners to delete or substitute tree varieties must be offered by the developer and submitted to the City. The entire length and 20-foot wide landscape area shall be a recorded easement that requires plant replacement as needed to meet Type I landscaping. No utility easements can encroach into the landscaping requirements. *Mr. Cohen advised that the last four sentences were added at the request of the Commission. He recalled that at their last meeting, they expressed concern about whether an evergreen Type I screen would be maintained and replanted to maintain an effective screen. He said concern was also raised that crucial landscaping could be compromised in some situations when there is a utility easement that requires no obstructions. Staff is suggesting that the buffer not be allowed to compromise the easement. This would require an applicant to either move the buffer further back or place it on the other side, but they would not be allowed to diminish the size of the buffer area. A Commissioner also suggested that a developer be allowed to enter into an agreement with abutting single-family property owners to delete or substitute tree varieties. The language proposed by staff would require the developer to approach the neighbor, asking if the proposed landscaping would be okay or if something else would work better for them. The proposed language would also ensure that the tree species planted would provide effective screening and reach a minimum of 50 feet of mature height.*

Mr. Cohen provided a cross section drawing showing how the proposed language would be applied to a commercial (RB, CB or I) zone that is both abutting and across the street from a single-family zone. He pointed out that the chances of this occurring on the street side is quite slim because there are only four RB, CB and I zoned properties in the City where there is single-family both across the street and behind. He also provided a drawing of a computer generated building that could potentially be located on the property at 152<sup>nd</sup> and Aurora Avenue based on the proposed amendment. The drawing identifies a landscape buffer, a 20-foot setback, a building starting at 35 feet in height, cut ins, and a 2:1 slope up to the maximum height of 65 feet. There would be no setback required on the street side because the other side of the street is not zoned R-4, R-6 or R-8. He suggested that the drawing represents the type of development that could potentially occur on most of the parcels highlighted on the map. He provided pictures to illustrate the view of the building from various locations around the property.

#### **Questions by the Commission to Staff and Applicant**

Commissioner Phisuthikul asked what would happen if a piece of commercial property borders two zones, one being residential and one commercial. Mr. Cohen answered that a transition zone would only be required for the portions of property that directly abut a single-family zone.

Commissioner McClelland suggested it is important to differentiate between a single-family use and a single-family zone. The proposed amendments apply to properties that abut single-family zones, and this should be made clear. The remainder of the Commission concurred. Commissioner Phisuthikul suggested it also be made clear that the term "single-family zone" refers to R-4, R-6 and R-8 zoned properties. Mr. Tovar agreed.

#### **Public Testimony or Comment**

Brent Spillsbury, Shoreline, said he lives on Stone Avenue and about 100 yards diagonally from the new building that is being proposed on the Overland Trailer Park property. Right now he can look out his window and view trees. While it appears the City is trying to create code language that is more acceptable, the proposed amendments could still result in large, massive buildings. A 240-unit development across the street from him would have a significant impact, and that is not something he ever contemplated when he moved to the City. While new trees would be required for screening, it would take 20 years for them to reach a reasonable height. He suggested they require larger trees from the start. He also suggested a 40-foot building height limit would be a more reasonable standard. Allowing a 60-foot high building seems inappropriate next to small residential homes. He suggested the City take into account that, right now, there are no three-story buildings in their neighborhood. He said he would like the Commission to work on the document more, but they are going in the right direction.

Commissioner Wagner asked if Mr. Spillsbury is concerned about the number of people that would move into the neighborhood or is he more concerned about the visual bulk of a potential building. Mr. Spillsbury expressed his belief that a six-story building was too large when located adjacent to a single-family neighborhood. He said he is opposed to growth and its potential impact on the environment.

**Ganesh Prakash, Shoreline**, said he lives next to Mr. Spillsbury. He said he was under the impression that the proposed amendments would only result in a senior housing project in his neighborhood, but it appears the language would allow commercial and industrial uses to occur in a building up to sixty feet high. He expressed his belief that a senior housing project would not be unreasonable, but a six-story building would be a safety hazard for the community. He suggested that if the property is developed as a senior housing building, the housing units should be constructed on the ground floor, where emergency access is more readily available. He questioned why commercial and industrial uses should be allowed next to single-family zones. He said he wants to continue to enjoy the peace and quiet of his property, and the trees, too. The proposed language would likely result in additional traffic that would impact his neighborhood.

At the request of Commissioner McClelland, Mr. Cohen clarified that the proposed amendments address the bulk issues associated with development in the RB, CB and I zones. However, it is important to keep in mind that commercial, residential and some industrial uses would all be allowed in these zones. Mr. Tovar explained that Mr. Prakash's remarks were related to a senior housing proposal that was originally submitted for the Overland Trailer Park property. However, it is important for the Commission to keep in mind that the proposed amendments would not govern the types of uses allowed in the RB, CB and I zones. Land use would be addressed later as part of the subarea planning process. Mr. Cohen said it is also important to remember that the amendments would be applied to RB, CB and I zones citywide.

**Joseph Irons, Shoreline**, pointed out that the staff report does not address traffic impacts associated with more intense development of the RB, CB and I zones. He said he is in favor of growth, as long as it is done right and reviewed comprehensively. This review must include a discussion about potential traffic impacts. He asked that the comments he made earlier about traffic impacts on Ashworth Avenue be included as part of the public record for this hearing. The City Council and City staff knows that Ashworth Avenue is a problematic street, and it is inappropriate to allow development to occur at a greater density. He suggested the proposed amendments require a traffic impact study to identify the potential impacts to residential streets.

Commissioner Wagner pointed out that a traffic analysis would be required as part of the development permit review. Mr. Cohen said that larger projects would require a traffic analysis, and perhaps a parking analysis. They would also require a SEPA review, which would allow the City to implement mitigating measures. He referred to the Echo Lake Project and noted that to alleviate the traffic impacts, turning movements from the property were limited. In addition, traffic calming and barriers would be added if necessary to protect the neighborhood to the east.

Vice Chair Kuboi asked staff to talk about how a traffic study for a given project would address the cumulative affect of all of the projects on the street. Mr. Cohen said a basic traffic analysis for most projects would study trips generated from the property, but it would also include a traffic capacity analysis for the street. Based on this information, staff could require modifications to a project to mitigate the impacts as part of the SEPA review. Vice Chair Kuboi summarized that the traffic analysis would take into account all the other activity on the street and how a new project would contribute. If the project pushes the street into an untenable traffic situation, the applicant would be required to

mitigate the situation. Mr. Tovar added that mitigation measures could include on or off-site improvements, but he cautioned against thinking that the SEPA analysis for a project would result in a reduction of the bulk of a proposed building.

Commissioner McClelland asked if a traffic analysis could conclude that a proposal would generate too much traffic for the street. Mr. Tovar explained that if mitigating measures (improvements) are identified, the City could impose these conditions on the approval. If it is not possible to mitigate the impacts below the threshold of a reasonable level, the consequence would not be denial of the project. Instead, an environmental impact statement would be required and a decision would then be made on the permit. He clarified that a SEPA document (checklist or an environmental impact statement) does not approve or deny a project; its purpose is to disclose impacts.

**Janet Kortlever, Shoreline**, pointed out that the maps provided by staff do not show that 152<sup>nd</sup> turns a corner into Ashworth Avenue. The proposed development at the Overland Trailer Park would tip the bulk of traffic over the limit of what the neighborhood could bear. She noted that all of the surrounding commercial buildings in the neighborhood are only one story. The proposed amendments would allow for an increased commercial use of the area. She said she was present to represent her neighbors, who have a huge interest in reducing traffic problems on Ashworth Avenue. They have worked with staff to reduce speeds and regain their quiet neighborhood. The traffic counts indicate there are between 1,200 and 1,500 cars per day going down Ashworth Avenue. The traffic calming measures have not worked to date, and this is due in large part to the light that was put in at 152<sup>nd</sup>. If widening the street is an option to accommodate the new development, the traffic numbers would increase further. Ashworth Avenue is already used as a cut through street.

Ms. Kortlever said it is mistake to think that neighbors are not concerned because they don't attend all of the meetings. She said she has left messages with each City Council Member about the neighbors concerns and their willingness to serve on a neighborhood traffic committee. She asked that the Commission preserve the single-family neighborhood and stop lowering the value of their homes by adding overwhelming new traffic. They were dismayed to learn of plans to widen their residential street to bring more and faster traffic through.

Commissioner McClelland asked if dead ending the street would resolve the problem. Ms. Kortlever said City staff has indicated this would not be an option because the street is used by emergency vehicles. The City did install a sign on Stone Avenue stating that the street was for local access only, but she has not received feedback from the City over whether this would be possible for Ashworth Avenue, as well.

**Les Nelson, Shoreline**, expressed concern that the proposed language would only address a transition for those single-family zoned properties that are adjacent to the CB, RB and I zones. However, it is important to keep in mind that a large development could also impact the residential properties that are further away. The map only identifies a portion of the properties that were covered by the moratorium. He suggested that the sketch-up model does not accurately depict what the building would look like in terms of scale. He said he is worried about further loss of trees on Aurora Avenue, and he pointed out

that it would take many years for the new ones to grow to an adequate height to replace those that exist now. He emphasized that a six-story building would not fit in with residential neighborhoods.

Joe Kraus, Shoreline, said that while the CB, RB and I zoned properties would limit development to a maximum of 65 feet in height, it is important to understand that an additional 15 feet in height would be allowed for rooftop equipment. This could result in a total building height of 80 feet. He questioned why the planners don't make this clear to the public. He said he lives on North 152<sup>nd</sup> Street and is concerned about the proposed development in that area on property that is landlocked on three sides. This site would not be able to accommodate the amount of traffic the proposed development would generate, including access buses, nurses, delivery trucks, maintenance trucks, taxis, mail vehicles, moving vehicles, social workers, and aid vehicles. No provisions were proposed for off-street or guest parking.

Mr. Kraus said he recently traveled north on Aurora Avenue at 5:30 p.m. Before he reached 145<sup>th</sup>, he was already stopped in traffic even though there were no accidents. At 143<sup>rd</sup> there was a huge crane two blocks off Aurora putting in a foundation for 500 more residential units. The Echo Lake Project would add an additional 500 units. He questioned how the City plans to address the traffic problems.

#### Final Questions by the Commission

Commissioner Wagner noted that many of the sites where the proposed language would apply are extremely small and may not accommodate a total building height of 60 feet. Therefore, a 50-foot tree may be disproportionately more than what would typically be expected for a 20-foot tall building just because it happens to be zoned RB and located next to a single-family zone. Mr. Cohen said he would look at the number of properties that would be impacted by this requirement and determine whether it would make sense to include an alternative landscape provision for developments that are not greater than 35 feet in height. Commissioner Wagner noted that Type I Landscaping does not have a 50-foot minimum provision, and this was added at the request of the Commission. She said another option would be to apply the 50-foot provision to the larger sites only. Mr. Cohen said the current landscape requirement for CB, RB, and I zones adjacent to single-family zones is 20 feet of Type I Landscaping. The current language would enhance this provision further.

Commissioner Phisuthikul recalled that at the last meeting he expressed concern about how the proposed requirement for an inset area of 800 square feet would impact narrow and odd-shaped properties. He asked staff if they have explored options for making the size of the required inset more proportional to the dimension of the property. Mr. Cohen said the proposed requirement should hold regardless of the width of the property. The idea is to diminish the bulk of a building from a single-family property owner's point of view. He acknowledged that this may result in some awkward building designs in order to meet the transition requirements.

Commissioner McClelland said she would no longer be a member of the Commission on April 3<sup>rd</sup>, so she wanted to provide some editing comments. She agreed with staff that wherever rights-of-way are mentioned, it should say "street rights-of-way." In addition, single-family should be called "single-family zones." She expressed her belief that providing a six-foot fence and 50-foot trees would not

adequately screen a six-story building from an adjacent single-family zoned property. She agreed with Commissioner Phisuthikul that the inset requirement should be proportionate to the height of the proposed building. She questioned whether the insets would soften the impact as much as anticipated. She also noted the report should not say that each inset would potentially remove three, 800-square-foot apartments. This is an editorial statement that does not need to be part of the code language.

Commissioner McClelland referred to Item c on Page 21 and suggested they change the word "grow" to "grown." Also, she suggested the last sentence be changed by replacing "can" with "may." This would make it clear that no utility easement would be allowed to encroach into the landscaping requirements. In the last paragraph on Page 21, she pointed out that the word "holistically" was misspelled.

Commissioner McClelland said she spoke with Ms. Melville after the last meeting about her understanding that floors above grade could have balconies that look over into the neighbors' backyards. Mr. Cohen said that balconies would be allowed, but they would have to be located within the allowed building envelope, which takes into account the setback and stepback requirements. Commissioner McClelland said Ms. Melville was concerned that even with all of the proposed provisions that were intended to create some privacy for single-family properties, allowing balconies would defeat the purpose.

Commissioner McClelland said this is a situation where staff has done everything they can to make the transition better for most of the properties on the map, but it is still going to be a terrible situation for single-family residents living near the 152<sup>nd</sup> Street project. She agreed that Ashworth Avenue is not appropriate for semi-trucks to access. If the light at 152<sup>nd</sup> has caused people to bypass and get to Meridian via Ashworth Avenue, the City must take action to stop it. She urged the neighbors to go before the City Council and request they take action to resolve the problem.

Vice Chair Kuboi pointed out that Commissioners Harris and McClelland would no longer be serving on the Commission at the time of the April 3<sup>rd</sup> continued hearing. However, he suggested the Commission avoid offering opinions and subjective comments until they have completed the public hearing on April 3<sup>rd</sup> and begin their deliberations.

Commissioner Harris referred to Commissioner Phisuthikul's comment about how the setback or inset concept would be applied to narrow lots. He noted that the requirement would only be implemented if a building has more than 50 feet of continual length. A narrow lot could be developed into a series of smaller structures the full width without the insets, and this would meet the articulation requirement and break up the mass. Mr. Cohen said he would consider this issue and provide a clear answer at the next meeting. He expressed his belief that whether there is one or more buildings, all the buildings should be required to collectively create the setbacks. A 20-foot gap between the buildings would meet the requirement.

#### **Continuation of the Public Hearing**

**COMMISSIONER WAGNER MOVED TO CONTINUE THE PUBLIC HEARING ON CODE AMENDMENTS TO REPLACE THE MORATORIUM (INTERIM REGULATIONS) IN CB,**

**RB, AND I ZONES TO THURSDAY, APRIL 3, 2008. COMMISSIONER PHISUTHIKUL SECONDED THE MOTION. THE MOTION CARRIED 4-0-1, WITH COMMISSIONER HARRIS ABSTAINING.**

The Commission recessed at 9:02 p.m. The meeting reconvened at 9:07 p.m.

### **DIRECTOR'S REPORT**

Mr. Tovar reminded the Commission of their joint meeting with the Park Board on March 27<sup>th</sup>. The topic of discussion would be the draft Shoreline Sustainability Strategy document, which was provided to each of the Commissioners. He particularly noted that Chapter 4 focuses on implementation.

Mr. Tovar recalled that, at the request of the City Council, staff hired a consultant to conduct a study on the financial feasibility of four, five and six-story buildings on the property currently being proposed for Planned Area II in the Ridgcrest Commercial Neighborhood. The study would be posted on the City's website on March 21<sup>st</sup> and presented to the City Council on March 24<sup>th</sup>. The City Council would discuss the issue again on March 31<sup>st</sup>, and staff anticipates they would reach a conclusion on what the zoning of the property should be at that time.

Mr. Tovar announced that a kick-off meeting for the Southeast Shoreline Neighborhoods Subarea Plan was held on March 19<sup>th</sup>. There were about 50 people in attendance. At some point a citizen advisory committee would be appointed to guide the process.

Mr. Tovar advised that at the March 17<sup>th</sup> City Council Meeting a contingent of neighbors expressed concern about a proposed "air condo" development in the Greenwood area near 155<sup>th</sup>. He explained that the term "air condo" is used in Snohomish County to apply to certain common wall and stacked dwelling units in single-family zones. Although a complete application has not been filed, the applicant is proposing to create a seven-home, single-family detached project using the condominium act provisions rather than the subdivision statute and ordinance. This means that rather than independent lots, with a public right-of-way serving the lots, there would be seven single-family homes on a common, shared piece of ground. Ownership would be segregated using condominium act provisions. The project would still be subject to provisions for storm drainage, tree retention, and setbacks. He noted that a similar project was constructed on the north side of 175<sup>th</sup> east of Linden Avenue. The neighborhood group asked the City Council to adopt a moratorium on this form of ownership, and the City Attorney has concluded that the City Council does not have the legal authority to prohibit someone from using the condominium act as an alternative to the subdivision statute. However, they can require them to meet all the development regulations.

Commissioner McClelland asked Mr. Tovar to share more information about the neighbors' objections. Mr. Tovar explained that the neighbors pointed out that if the same property had been subdivided into individual lots served by a public right-of-way, the developer would only be able to construct six homes. By going through the condominium process, the applicant could construct seven homes because he wouldn't have to deduct for right-of-way. Instead, they would provide a shared access road that is in common ownership. The neighbors were also concerned that more trees would have to be removed to

## CITY OF SHORELINE

### SHORELINE PLANNING COMMISSION SUMMARY MINUTES OF SPECIAL MEETING

March 13, 2008  
7:00 P.M.

Shoreline Conference Center  
Mt. Rainier Room

#### COMMISSIONERS PRESENT

Chair Piro  
Vice Chair Kuboi  
Commissioner Wagner  
Commissioner Phisuthikul  
Commissioner McClelland  
Commissioner Harris  
Commissioner Hall (left at 9:20 p.m.)  
Commissioner Broili

#### STAFF PRESENT

Joe Tovar, Director, Planning & Development Services  
Steve Cohn, Senior Planner, Planning & Development Services  
Paul Cohen, Senior Planner, Planning & Development Services  
Flannery Collins, Assistant City Attorney  
Jessica Simulcik Smith, Planning Commission Clerk

#### COMMISSIONERS ABSENT

Commissioner Pyle

#### CALL TO ORDER

Chair Piro called the special meeting of the Shoreline Planning Commission to order at 7:08 p.m.

#### ROLL CALL

Upon roll call by the Commission Clerk, the following Commissioners were present: Chair Piro, Vice Chair Kuboi, and Commissioners Wagner, Phisuthikul, McClelland, Harris, Hall, and Broili. Commissioner Pyle was excused.

#### APPROVAL OF AGENDA

The Director's Report was moved the end of the meeting. The remainder of the agenda was approved as presented.

#### APPROVAL OF MINUTES

The minutes of February 21, 2008, were approved as submitted.

## GENERAL PUBLIC COMMENT

Susan Melville, Shoreline, pointed out that the southwest corner of her property is 13½ feet from the northeast corner of the Overland Trailer Park, yet she has never received a public notice about the proposed project. She expressed concern that the City did not give adequate notification of the proposal, since she has never seen *THE ENTERPRISE* available at Top Food or the Central Market, and it is infrequently delivered on her street. While she used to learn City information on Channel 21, she no longer can find the channel on cable. Most people do not think to read the Shoreline webpage to see what type of development is going to take place near them, but that is really all the public notice that was made available. It seems the neighbors have been left to figure out their own notification process.

Mr. Cohen pointed out that developers are responsible for providing notice of neighborhood meetings. However, the pending application for the Highland Trailer Court property was put on hold by the moratorium. Therefore, no application was submitted or vested. If a new application is filed under the new rules and someone argues that the public meeting notification was inadequate and did not meet the requirements of the code, staff could require the applicant to do the meeting over. He emphasized that the City was not required to advertise tonight's study session, but the public hearing would be advertised in the local newspapers, etc. He pointed out that the proposed code amendment would be applied Citywide and not to just this one site. Therefore, notices would not be posted on properties and individual notices would not be sent out.

Mr. Tovar agreed this is a chronic concern and staff will advocate improvements when code amendments are discussed by the Commission in a few months. He also suggested that the City's requirements for communicating with the general public about legislative amendments could be one of the topics for discussion at the joint City Council/Planning Commission meeting. It is important for the public to know what is going on, and the City must talk about how they can improve the current situation.

Mr. Cohen pointed out that since the site was proposed for development, many concerned neighbors have contacted the City. As a result, staff has met with several of the neighbors to discuss the issue further. He summarized that staff is always willing to respond to a citizen's request to discuss a proposed project.

Dennis Lee, Shoreline, explained that quasi-judicial reviews are conducted based on the rules found in the Revised Code of Washington, and they are typically fairly clean. However, the legislative process is a different matter. He suggested the Commission ask for an evaluation of the process after a legislative matter has been decided. For example, he noted that the Briarcrest Neighborhood Association was notified of the City's proposed Southeast Neighborhood Subarea Plan, but they were responsible for notifying the rest of the stake holders. He suggested it would be much better to include the neighborhood in the subarea planning process. Leaving the neighbors out of the process is a big mistake.

Les Nelson, Shoreline, recalled he was before the Planning Commission in October to talk about a very large scale development (the former Highland Trailer Court site) that was proposed for a one-acre parcel

that would have equated to about an R-240 zone. Projects of this type continue to pop up throughout the City because the current zoning and process for approval does not require Commission review. He reminded the Commission that he believes the Comprehensive Plan does not support a residential density above R-48. He recalled that when the City was incorporated, Regional Business was R-36, with a 35-foot height limit. He noted the Comprehensive Plan identifies most of these areas as Community Business, and the Comprehensive Plan is supposed to govern. He referred to Land Use Policies 18 and 19, which do not mention any zoning above R-48. He asked the Commission to keep this in mind. Citizens do not want to see six-story buildings next to neighborhoods.

Commissioner Broili commented that the Commission does not review development proposals that are consistent with the current code requirements. Development proposals only come before the Commission if an applicant is asking for a variance or there is some other anomaly in the way the property is being developed that is outside of the code.

### **REPORTS OF COMMITTEES AND COMMISSIONERS**

None of the Commissioners provided comments during this portion of the meeting.

### **STUDY SESSION ON CODE AMENDMENTS TO REPLACE MORATORIUM IN COMMERCIAL BUSINESS (CB), REGIONAL BUSINESS (RB) AND INDUSTRIAL (I) ZONES**

Mr. Cohen presented the staff report on the proposed amendments to replace the moratorium in CB, RB and I zones. He explained that Moratorium 488 was passed in October of 2007 in response to a strong neighborhood reaction to a proposal located at 1210 North 152<sup>nd</sup> Street, where an applicant was proposing 240 units in a six-story structure abutting an R-6 zoned neighborhood. The site was zoned RB and abuts an R-6 zone. Though the RB zoning had been in place since before the City incorporated, the development potential and its impact were not apparent to nearby residents until an actual project had been proposed. In addition, the City was concerned about other similar situations citywide since the code presently has relatively few protections for low-density areas that abut high-density zones.

Mr. Cohen referred to the proposed code amendment, which is succinct and direct, and is intended to be a short term "patch" to reduce impacts to adjacent single-family neighborhoods until the City can get through a larger subarea planning processes where transition requirements would be refined. He referred to Comprehensive Plan Housing Goal H III, which talks about transition areas between more intensive development and single-family neighborhoods. The goal is to provide new development that is compatible in quality, design and scale (within neighborhoods) and that provides effective transitions between different uses and scales. He further noted that Housing Policy H28 states that the City should assure that site and building regulations and design guidelines create an effective transition between substantially different land uses and density. This goal is reiterated again in Community Design Policy CD9, which states that the visual impact of commercial, office, industrial and institutional development must be buffered from residential areas. He summarized that those three items provide the policy support for the proposed code amendment.

Mr. Cohen explained that the current Development Code has one area that conflicts with the moratorium's intent and three areas where the amendment needs to be repeated since it does not have its own code section. He reviewed that the proposed amendment would delete Exception 9 in SMC 20.50.020 which allows R-48 zoning adjacent to single-family to reach heights of 50 and 60 feet. In addition, the following new language would be added to both SMC 20.50.020(2) – Exception 2 and SMC 20.50.030 – Exception 4.

- **All development in commercial CB, RB or I zones abutting to or across a right-of-way from single-family zones R-4, R-6 and R-8 shall meet these requirements.** *Mr. Cohen explained that staff wanted to make sure that single-family properties across the street were included. The original moratorium talked about any commercial property within 90 feet, and the new language would include only properties abutting or across rights-of-way. Staff's intent was to simplify which commercial zoned properties would be affected by the transition area requirement and to show the affect of transition area requirements the first 100 feet into a commercial property. He noted that the proposed definition of transition area affects fewer properties than those affected by the moratorium. Mr. Cohn pointed out that if there's an intervening property between single-family and the commercial property, the proposed language would not impact this property. The residential property must be abutting or across the street in order for this provision to apply.*
- **For these commercial zones abutting to or across a street rights-of-way from R-4, R-6 , and R-8 zones transition areas allow a 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope up to the maximum building height for the commercial zone.** *Mr. Cohen explained that the intent of the proposed language is to match the adjacent maximum single-family building height on the commercial property with the current 20-foot setback and then use a 2:1 building envelope up to the maximum height allowed in the zone. This would reduce the looming quality of a 60-foot high façade with decks peering into single-family backyards. He provide a sketch (Attachment D) to illustrate the concept.*
- **In addition to setbacks, building facades abutting R-4, R-6 and R-8 zones must have insets minimally for every 50 horizontal feet of façade. The inset must be a minimum 800 square feet of open ground with a minimum 20-foot horizontal dimension.** *Mr. Cohen advised that the intent of this proposed language is to complement the 35-foot height limit of single-family homes with a horizontal element to break up the potential for a broad and voluminous building mass for more of a single-family house scale. He noted that each inset would potentially remove three, 800-square foot areas. He reminded the Commission that the Code already has multi-family residential design standards that further refine the façade, roof, etc.*
- **Transition area setbacks shall contain Type I landscaping along property lines abutting R-4, R-6 and R-8 zones and Type II landscaping along property lines with right-of-way across from R-4, R-6 and R-8 zones. A solid, 8-foot high fence shall be placed on the abutting property line. Patio or outdoor recreation areas are allowed up to 20% of buffer area and no less than 10 feet from abutting property lines if Type I landscaping can be effectively grown.** *Mr. Cohen explained that the purpose of Type I landscaping is to screen. He said the intent of the proposed language is to provide ample landscape area to grow Type I landscaping abutting single-family zones.*

*Type 1 landscaping would act as a screen with mostly native conifers, 10 feet in height at planting, and planted 10 feet apart with shrubs three feet apart. In addition, patio and outdoor recreation areas would be limited to provide more privacy to the single-family properties. Again, he referred to Attachment D to further illustrate the concept and emphasized that it was not intended to replicate the site on North 152<sup>nd</sup>, but the transition requirements on the back side would be similar. He reviewed sketch ups to illustrate how the proposed code amendments could be applied to the property at 1210 North 152<sup>nd</sup> Street.*

Mr. Cohen referred to the two maps (Attachment B) that were prepared by staff to identify the properties that would be impacted by the proposed amendments. The maps identify all of the CB, RB and I zones in pink. The commercial zones impacted by the transition area are identified by a darker red. The yellow areas identify single-family zones that trigger the transition area requirements. He noted that the proposal is not a lot different than the initial moratorium, but it involves slightly fewer properties.

Commissioner Wagner asked how the business owners in the CB, RB and I zones could find out how the proposed amendments would impact them. Mr. Cohen answered that staff would use the maps to make an administrative decision about the transition requirements.

Vice Chair Kuboi asked if there is a height requirement for mature trees as part of the Type I Landscape Standard. Mr. Cohen said the idea is to select species that would grow taller, but the trees must be at least 10 feet high when planted. Vice Chair Kuboi said it appears that the proposed language would allow a developer to plant a type of tree that eventually grows to 11 feet tall, and that would meet the letter of the language. Mr. Cohen said there is language in the landscape standards about using native species, but no more specific standards related to maximum height.

Commissioner Broili asked how the City would enforce long-term maintenance of the landscaped areas. Mr. Cohen answered that the code would require a two-year maintenance agreement, and any problem trees would have to be replaced. However, once a certificate of occupancy has been granted, the maintenance would be addressed by the tree code. Commissioner Broili pointed out that the tree code would permit a property owner to legally remove all of the required trees within a fairly short period of time, since it allows the removal of up to six significant trees every three years. Mr. Tovar said that would theoretically be possible. He suggested staff come back with additional language that would require a property owner to record an easement over that part of the property indicating that the screening trees could not legally be cut without permission from the City.

Commissioner Hall pointed out that in other apartment complexes that have been constructed in Shoreline, the trees end up being appreciated by the inhabitants of the new buildings as much as the property owners across the street. He cautioned the Commission not to go too far to regulate things that are going to be generally preferred by the neighborhoods anyway. Once the trees have been planted and established, the community support for the image is likely to be strong enough that there would be no need to require an easement dedication for the City to constantly monitor. Commissioner Broili agreed, as long as the units are owner-occupied. However, he would be concerned about apartment complexes because absentee landlords often don't care about maintaining the trees. Commissioner Phisuthikul

pointed out that the property owner would be responsible to maintain any character that enhances the property. Removing trees could end up devaluing a property.

Mr. Cohen pointed out that on large CB, RB or I zoned properties, the transitioning area requirements would only impact the first 100 feet into the site. Commissioner Wagner clarified that a bulky, tall building would be allowed on a large CB, RB or I zoned property, as long as it is set back at least 100 feet from the property line.

Vice Chair Kuboi said the proposed language uses the terms "setback," "transition area," and "buffer area." It sounds like some of the buffer area would be in the setback and some of the transition area might be in the buffer area. He suggested staff provide more clear definitions of these terms. Mr. Cohen agreed the buffer area is a part of the transition area. The transition area is the whole requirement around the property, and the setbacks and insets and buffers are components of that area.

Commissioner Wagner asked where the setback area would be measured from when CB, RB and I zones are located across the street from single-family zones. Mr. Cohen said the transition area would be measured from the subject property line, which is consistent with the current code. It would not be measured from the property across the street that it would impact.

Commissioner Phisuthikul asked if the phrase "public rights-of-way" includes alleyways. Mr. Cohen answered affirmatively. Commissioner Phisuthikul asked what the setback requirements would be from an alleyway that abuts a single-family property. Mr. Cohen answered that he would have to research how the City currently views alleyways to see if the existing language would meet the intent of the transition area requirements. If it doesn't staff would propose appropriate language for the Commission to consider at their next meeting. Commissioner Phisuthikul said that if a commercial property fronts two or three streets, then the setback from all three streets would only be 10 feet. Mr. Cohen agreed and noted that the building envelope with a 2:1 slope would be from all three streets, as well.

Commissioner Harris pointed out that the proposed amendments do not take grade or topography into consideration. Mr. Cohen agreed. Commissioner Harris pointed out that the Aurora Square site is probably at least 30 feet below the residential zones above. In theory, the residential units could be looking down on roofs if the proposed code amendments are approved. Mr. Tovar reminded the Commission that the proposed amendments are intended to be a first generation fix to the problem of transition. As the Commission does more detailed reviews of specific sub areas, they will consider issues such as topography, lot size, circulation, adjacent land uses, existing vegetation, etc. This effort may cause them to revisit the transition issue again and perhaps make adjustments.

Commissioner McClelland asked if any of the single-family properties identified in yellow on the maps are designated in the Comprehensive Plan for a higher use. Mr. Cohen said he doesn't know the answer to that question right now. Mr. Tovar agreed that staff would study this more to identify potential inconsistencies between the zoning and the Comprehensive Plan.

Commissioner Phisuthikul asked how staff arrived at their recommendation that the stepback of the building should be 2:1. He cautioned that a 2:1 stepback requirement could result in a large area of non-

useable space, and a setback of 1:1 would be a better proportion to incorporate the space into the design of the building. Mr. Tovar said the 2:1 setback concept came out of the Ridgcrest Commercial Neighborhood proposal as an acceptable setback for properties that are immediately adjacent to low-density single-family properties. He agreed with Commissioner Phisuthikul that this ratio might not be appropriate in all situations, and the Commission could consider this issue when they look at different parts of town in more detail in the future. He reminded the Commission that the proposed amendments are meant to be a "patch" for the near term, and there are things they can do in the long-term to better address the issues on an area-by-area basis. Commissioner Broili said he is pleased with the proposed amendments as a first step in a longer process. However, he cautioned that he doesn't want to lose flexibility to address individual and unusual situations that might come up. It is important to keep flexibility in the code so long as it allows for creative approaches and solutions. But at the same time, it should not allow for abuse. The proposed language represents a good start.

Given that the issue at hand is bulk, appearance and transition, Vice Chair Kuboi asked if color would be a parameter worth considering. He noted that color can make things stand out or blend in, depending on the goals. Mr. Cohen reiterated Mr. Tovar's comment that this is the initial attempt to take care of most of the concern raised by citizens. Color is subjective and addressing color at this time could significantly slow down the amendment process. He said staff's goal is to get the amendments in place as soon as possible. However, color would be an appropriate topic of discussion when considering more refined design standards later on.

Mr. Cohen said he would work quickly to update the draft language to address the Commission's questions and concerns and get it out to them as soon as possible in preparation of the public hearing on March 20<sup>th</sup>. He said the City Attorney has provided suggestions for refining the language to make it clearer.

Mr. Tovar agreed with Mr. Cohen that color and other issues could be addressed at a later date. He said that later in the meeting the Commission would consider possible discussion items for the joint Planning Commission/City Council Meeting. He suggested the Commission may want to discuss the potential review of the City's current design standards and their design review process. This issue could have major policy implications.

Commissioner Hall thanked staff for providing excellent sketches to illustrate the 2:1 setback concept. However, he noted current code would allow an additional 15 feet of height for a 10-foot setback. He agreed with Commissioner Broili that 2:1 may not be the right number in every situation, but it provides for a step in the right direction as an interim code.

Commissioner Wagner asked staff to explain why Neighborhood Business (NB) zones are not part of the proposal. Mr. Cohen pointed out that the base height for a NB zone is 35 feet, which is more at the scale of single-family residential height limits. In addition, the properties tend to be small and in smaller commercial pockets. He said NB zones that are next to R-4 and R-6 zones currently require a 20-foot setback and Type I Landscaping. Commissioner Hall noted the moratorium only applied to CB, RB and I zones. Chair Piro suggested this clarification be communicated to the City Council as part of the amendment package.

Commissioner Wagner pointed out that the sketch provided by staff does not identify potential parking options. She suggested that the proposed language could provide incentive for developers to place parking lots next to single-family residences. Mr. Tovar suggested they ask the public at the hearing if they want to have a parking lot on the other side of the trees and fence with the building mass further away, or they would rather have the building mass somewhat closer. She agreed with Commissioner Broilli that the code should be flexible. However, the proposed amendments would result in a reduction in the developer's ability to maximize the current space. She suggested the next version of code revisions should include options that allow developers to give something back to the community in exchange for being able to use more of their space.

Commissioner McClelland suggested that when a developer submits a development proposal in an RB or CB zone that is adjacent to a single-family zone, perhaps the City could require the applicant to at least offer to landscape the first ten feet of each of the affected single-family parcels so that some of the screening and transition actually takes place on the other properties. While not everyone would want to take advantage of this offer, it could help soften the impact to a row of single-family parcels. She suggested this would provide a softer buffer than a fence or large trees as currently proposed. Mr. Tovar advised that most of the buffering materials would likely be coniferous plantings and not ornamental and other types of plantings that would normally be found in most single-family neighborhoods. However, the City could consider establishing a minimum buffer standard for the subject property, but provide flexibility that would allow a developer to diminish the requirement somewhat with the permission of neighbors as suggested by Commissioner McClelland.

Commissioner Broilli said he is not enthralled with the idea of making a developer landscape someone else's backyard. However, perhaps it would make sense to allow flexibility for a property owner to work with neighboring property owners to provide different landscaping that allows for better solar access and screening.

Vice Chair Kuboi inquired if the proposed language would impact the proposed City Hall Project. Mr. Tovar answered it would not impact the structure because the building would be located at the extreme southwest corner of the property and more than 100 feet from the property line.

Commissioner Phisuthikul expressed concern that requiring an inset that provides 800 square feet of open ground for every 50 horizontal feet of façade may place too much burden on small properties where the property line abutting the residential area is only 100 feet. In addition, if a building is 40 feet away from the parking lot already, the proposed language would still require an open court. This could potentially result in a loss of 20 feet of building articulation. Mr. Cohen said the 800 square foot inset and the 35-foot height identifies the building envelope. If a developer decides to build 20 feet further into his/her own property for a total of 40 feet, the offset requirement would not apply as long as the envelope was met. Articulation would be required as a part of multi-family development, but it would be smaller than 800 square feet. Staff came up with 800 square feet because it was substantial and a step beyond based on the scale of potential development in the RB, CB and I zones. The offsets on the back side would break up the initial parts of the building into more of a single-family scale.

Commissioner McClelland referred to Commissioner Pyle's emailed comments, particularly his proposal that they add language that would limit access to commercial and multi-family development that is subject to transition from arterial streets only. He further recommended that if access from an arterial street is not available, the applicant would be responsible for the installation of appropriate traffic calming devices. Commissioner Wagner pointed out that the properties in question are located on Aurora Avenue or other major arterials, and most people would access the properties via major streets. Commissioner McClelland said she recently visited the Echo Lake area and found that 192<sup>nd</sup> Street is getting overwhelmed by cars that are using it to access Meridian Avenue. Chair Piro said his interpretation of Commissioner Pyle's recommendation was related to the access location for the development, which should be from the arterial streets only.

Commissioner Hall questioned if they want to require access from major arterials only. He suggested that adding more access points along Aurora Avenue could create problems. Perhaps it would be better for the access to come from a side street and then head towards a controlled intersection along Aurora Avenue. He also expressed concern about the safety of allowing cars coming from underground parking garages right on to Aurora Avenue. He agreed that traffic safety is important, but the issue would be better addressed by the City's Engineering Department. He cautioned against creating code language that could end up hindering public safety in the future. Chair Piro agreed with Commissioner Hall.

Mr. Tovar said the specific question of circulation and access is important and could be considered in more detail as part of the subarea planning process. Again, he reminded the Commission that the proposed language is intended to be a patch that would fit all of the RB, CB and I situations throughout the City to some level of improvement over the existing codes. However, staff acknowledges there are different circumstances that need to be looked at more closely through the subarea planning process.

Commissioner Broili agreed with Commissioner Hall and reminded the Commission that any development permit that is submitted to the City would be reviewed carefully. The City's Engineering Department would not approve a development permit that allows vehicular access from underground parking directly onto Aurora Avenue.

#### **PUBLIC COMMENT**

John Behrens, Shoreline, pointed out that all the proposed amendments are aimed at visual transition. He suggested that a true transition would include form, density and use. Trying to make something look smaller than it is doesn't really address what "transition" really means. If transition is done properly, it improves and helps create a sense of community in a neighborhood. He suggested the sites should be limited to two acres in size. This would allow the City to create a true transition between the single-family homes and the larger structures. The one acre of the site that is adjacent to single-family residential could be developed as R-24. This would allow for owner-occupied town house development with on-site parking and would help buffer the privately owned homes adjacent to the development. He pointed out that if the entire state of Virginia were zoned R-100, the entire population of the United States could live in the state. He cautioned that when the City creates zoning proportions that are like R-200, they are really creating quite a bit of density. Limiting the zoning to two-acre sites would allow for appropriate transition and cut down on the density.

Commissioner Wagner asked for clarification about Mr. Behrens' suggestion that properties be limited to two acres in size. Mr. Behrens suggested the proposed zoning language should only apply to parcels that are in excess of two acres. This would actually create a real transition. Otherwise, the proposal's only purpose would be to alleviate visual impact. Commissioner Wagner explained that Mr. Behrens' proposal would leave all RB, CB and I zoned properties that are less than two acres in size as status quo. She noted that, at this time, a property that is smaller than two acres in the RB zone would be allowed to build 60 feet straight up with no transition. Mr. Behrens clarified that the current zoning caps the density of any proposed development. To say you would have a 65-foot wall on a one-acre structure is to assume a density that the acre wouldn't realistically hold.

Chair Piro clarified that Mr. Behrens is speaking only about those parcels less than two acres that are already zoned RB, CB and I. Mr. Behrens appears to be suggesting they keep the existing zoning, without any transition requirement when adjacent to a single-family property. Mr. Behrens said that a one-acre site would be limited to the zoning that's allowed under the Comprehensive Plan. Commissioner Wagner pointed out that the RB zone doesn't currently have a limit on actual number of units allowed on a site. Mr. Cohen agreed and noted that a one-acre lot that is zoned RB could potentially be developed into 200 tiny units.

Commissioner McClelland clarified that the Comprehensive Plan is not the zoning code. They are talking about the City's development regulations and zoning code, and all of the subject parcels have already been zoned RB, CB and I. They are not discussing a Comprehensive Plan issue. Changing the zoning of the subject parcels to R-18 or R-24 zoning would require a down zone. The current proposal would not change the zoning designation for any properties.

Mr. Behrens explained that the Comprehensive Plan includes a map that shows land use. Unless he is mistaken, none of the subject properties are identified on the Comprehensive Plan land use map as RB. He specifically referred to the property at 152<sup>nd</sup> Street and Aurora Avenue. Commissioner McClelland pointed out that the Comprehensive Plan designations use different words than the zoning code. Regional Business is a permitted zone, not a comprehensive plan designation.

Chair Piro said he is still not clear how Mr. Behrens proposal would address the issue of transition. Mr. Behrens said his proposal would address a land use issue. It would take a two-acre site and actually use transition in shape, function and density. You would go between single-family homes to create an interim step up into a different type housing that would be zoned at around R-24. Then you would leave the last acre as a visual transition area as discussed by the Commission. Building large structures adjacent to single-family homes as per the proposal only provides a visual transition from the neighborhood. Commissioner McClelland asked if Mr. Behrens is proposing the City rezone a one-acre strip of RB, CB and I properties that are adjacent to single-family zones to R-18 or R-24. Mr. Behrens said that was not his intent. Instead, he said he doesn't believe the current land use allows for density in excess of R-24 or R-48, so the City would not have to down zone or take away a developer's right to use the property. They would just not allow him/her to use it in excess of what is already allowed. Mr. Behrens agreed to submit his proposal in a written form to make it more understandable.

Mr. Cohen said Mr. Behrens' main concern is that the zoning is not compatible with the Comprehensive Plan. He noted that the Comprehensive Plan identifies many of the subject properties as CB, which allows a variety of designations, including RB. In addition, the CB land use designation would allow residential, commercial or office development up to 60-feet in height. He summarized that if Mr. Behrens' real concern is about height, it is important to note there is very little distinction between what is allowed in the CB and RB zones. He emphasized that, practically, there is no conflict between the Comprehensive Plan and the code. The code allows higher density than R-48 in a number of zones, most specifically in RB.

Mr. Tovar said it is important to understand that staff disagrees with the way Mr. Behrens and Mr. Nelson have addressed their understanding of how the plan reads and what it does and does not allow. While Mr. Behrens is welcome and entitled to express his opinion, staff does not believe his proposal is supportable or necessary.

Commissioner Broili agreed with Mr. Behrens that transition must include more than structure size and look. It should address density and use, as well. Mr. Tovar said staff agrees, but they feel the best place to address this issue is during the subarea planning processes for individual areas. Mr. Broili agreed.

#### **PUBLIC COMMENT**

Susan Melville, Shoreline, said she is more confused than she was before the meeting. She said she moved to Shoreline six years ago. After the developer's public hearing, she became much more interested in Shoreline politics. Since then, she has attended a number of City Council and Planning Commission Meetings. She hears over and over that the Comprehensive Plan was prepared by the citizens of Shoreline and represents the vision of Shoreline. She further hears that the zoning map was inherited from King County. She referred to the Comprehensive Plan land use map, which shows amendments through January 2006. The Overland Trailer Court is clearly identified on the map as Community Business, but it was identified as Regional Business at the first neighborhood meeting. She suggested that the vision of Shoreline (Comprehensive Plan land use map) appears to have no meaning. She said she did not get any notice when the zoning of the property was changed in 2006 even though she owns property just 13 feet away. None of her neighbors received notice, either. She said she visited the City's Planning Department on two occasions in 2007 to find out what was going on with the property. Even though there had been a predevelopment meeting with the developer, she was told there was nothing planned for the property.

Commissioner Hall suggested staff prepare a document to demonstrate the relationship between the Comprehensive Plan and the zoning map. It would also be important to explain some of the history about how the Comprehensive Plan was created. Mr. Tovar agreed to prepare this document. However, he suggested that is not really Ms. Melville's concern. He agreed that the zoning map and Comprehensive Plan land use map say different things for the subject properties. In order to have a clear understanding, it is important to read the policies found in the text of the Comprehensive Plan, as well. He agreed this is frustrating and confusing, but staff has determined that the proposed amendments would not be inconsistent with the Comprehensive Plan.

Chair Kuboi asked staff to respond to Ms. Melville's comment about not being told that something was going on with the Overland Trailer Court property. Mr. Tovar explained that if a citizen asks staff what is happening on a piece of property, they will tell them if an active permit application has been filed. They may not even know about a project if the developer is working on preparing an application. They may not know about a neighborhood meeting until after the meeting has occurred. He is not surprised that staff didn't know about the proposal for the trailer park, since an application had not been filed. He emphasized that staff does not withhold information from the public about permit applications. Vice Chair Kuboi asked if staff can share information they know about a proposal that is in the pre-application stage. Mr. Tovar said staff typically informs the public of any plans they know about. However, the technical staff is often unaware of conversations potential developers have with senior planners. A project is not real to the City until a permit application has been submitted. Commissioner Wagner asked if it would be inappropriate for staff to speculate to someone in the public about a potential project that has not been submitted as an application. Mr. Tovar said he did not see a problem with staff sharing the knowledge they have with the public when asked.

Chair Piro said the Commission has heard many times over the years that somehow the Comprehensive Plan is the City of Shoreline's, and the zoning code is some alien document they inherited from King County. It is important to understand that while the two documents must be compatible, it doesn't mean they are uniform word for word. It is very fair to acknowledge that the City's Comprehensive Plan has a history that builds upon decades of planning that was done by King County. As the City has incorporated, they seized their own destiny by creating a new Comprehensive Plan. Existing zoning had status under King County, and they are working to resolve issues and make the zoning consistent with the Comprehensive Plan. It is everyone's intent to make sure they achieve the vision of the Comprehensive Plan. The document prepared by staff can clarify the relationship between the two documents from a comprehensive perspective.

Les Nelson, Shoreline, provided a photograph to illustrate what the view of the Overland Trailer Park Project would be from his neighborhood. He noted that the proposed project would change the character of the neighborhood significantly. They want to follow the vision for Shoreline and encourage open space and trees. In this particular project, letters regarding a pre-application meeting were exchanged between the applicant and the City a full year before the neighborhood meeting was conducted. The City denied the applicant's request for a parking reduction at first, but later authorized the change. He questioned why staff was unable to tell the neighbors that a project was being considered.

Mr. Nelson referred to his written comments which were entered into the record as Exhibit 1. He said he would like the City to rezone the properties to R-24. He said he believes the Comprehensive Plan identifies an intermediate and true transition zone, which is not just about heights. He expressed his belief that the proposed amendments would still result in a huge building. Further, he suggested that if they don't create an R-24 zone, the drawing should be modified to start at the property line and then incorporate a 2:1 stepback ratio. If they want to allow a developer to get some of the height back they could require them to soften the surface with a green and growing building that looks good. If emergency access is going to be required, the applicant should be required to move the building in order to provide space for both the access and the required landscaping. The landscaping should be maintained.

Chair Piro referred to the sketch provided by Mr. Nelson to illustrate the difference between the staff's proposal and his neighborhood association's alternative recommendation. He asked if Mr. Nelson is proposing that strictly residential projects in CB, RB and I zones be limited to 35 feet in height and mixed use would be limited to 50 feet. Mr. Nelson answered affirmatively. Chair Piro asked what height limit Mr. Nelson would propose for an office/commercial development. Mr. Nelson said the 50-foot limit is desirable to encourage mixed-use, which is what they desire for the RB and CB zones. Chair Piro asked if Mr. Nelson's proposal would apply to all parcels in the RB, CB and I zones, regardless of size. Mr. Nelson answered affirmatively, but he further suggested that narrow properties be limited to 35-feet in height. He urged them to maintain the recommended 2:1 stepback ratio. He said he would rather the City be overprotective to start with.

Dennis Lee, Shoreline, said he is really unhappy about how the Commission and staff handled Ms. Melville's frustrations. While it is okay to ask a citizen to provide clarification, it is inappropriate for the Commission to debate with a citizen. Mr. Lee expressed his belief that the Comprehensive Plan provides the foundation and vision for the City. The document was created through a group of 150 citizens who participated in monthly meetings from April 1996 to June 1997. The group conducted an in-depth exploration of key issues facing Shoreline, and they helped City staff consider issues important to the residents and businesses. He suggested that if the Commission were to poll the participants of the initial group, they would indicate that high density in Shoreline is R-48. The group talked about zoning transitions: R-6, R-12, R-24 and then R-48. Mr. Lee said he believes the citizens are being run around, and he doesn't even live near one of these zones. He expressed concern they are trying to provide a transition for a zone that is too high, and the citizens don't really know what's going on.

Commissioner Wagner pointed out that the RB, CB and I zones already exist on the subject properties, and the current zoning regulations allow a certain amount of development. The proposal would reduce what the developer originally had the ability to do by putting transition requirements in place. Now it appears that Mr. Lee is implying that is still higher than what the citizens of Shoreline expect. Mr. Lee said he doesn't really think most people know what's going on, and he questioned why that is. He said he supports the concept of transition, but he doesn't support changing everything to RB zoning so that residential development can occur without a comprehensive plan process. The Comprehensive Plan is supposed to be the foundation for the zoning code. If the zoning code is not consistent, it must be changed to be consistent with the Comprehensive Plan. Then the City could conduct the special study area reviews and update the Comprehensive Plan in the future. He expressed concern they are moving into ultra-high density when that was never what the citizens wanted.

Commissioner Wagner asked Mr. Lee to share his thoughts on what an appropriate transition zone would be for the subject properties. Mr. Lee proposed they use the R-48 zoning as the maximum density until a review of the Comprehensive Plan has been completed. The goal should be to preserve some of the CB zones and make it possible to have very high density near places that already have adequate infrastructure. He suggested that conditions have changed since the Comprehensive Plan was adopted, and a thorough review is warranted to encourage sustainable communities and to address the demands of the Growth Management Act.



## **Notice of Public Hearing of the Planning Commission Including Optional SEPA DNS Process**

**The City of Shoreline will hold a public hearing for proposed Transition Area Requirements in response to Moratorium #488 on development in RB, CB, and I zones within 90 feet of R-4, R-6, and R-8 zones of the City. The proposed code amendments will restrict the height and bulk of buildings and enhance landscape buffers of development abutting or across rights-of-way from these single family zones.**

The City expects to issue a SEPA Determination of Nonsignificance. The SEPA comment period ends on April 3, 2008 at 5:00 p.m. This may be the only opportunity to comment on environmental impacts of this proposal.

Copies of the proposal and SEPA Checklist are available for review from Project Manager, Paul Cohen at the City Hall Annex, 1110 N. 175<sup>th</sup> Street Suite #107.

Interested persons are encouraged to provide oral and/or written comments regarding the above project at an open record public hearing. Letters and email will be accepted up until the public hearing. The hearing is scheduled for **April 3, 2008 at 7 PM** in the Mt. Rainer Room of the Shoreline Conference Center, 18560 First Avenue NE, Shoreline, WA.

Please mail, fax (206-546-8761) or deliver comments to City of Shoreline, Attn. Paul Cohen 17544 Midvale Avenue North, Shoreline, WA 98133 or emailed to [pcohen@ci.shoreline.wa.us](mailto:pcohen@ci.shoreline.wa.us).

Any person requiring a disability accommodation should contact the City Clerk at 206-546-8919 in advance for more information. For TTY telephone service call 206-546-0457. Each request will be considered individually according to the type of request, the availability of resources, and the financial ability of the City to provide the requested services or equipment.

# DRAFT

These Minutes Subject to  
April 17<sup>th</sup> Approval

## CITY OF SHORELINE

### SHORELINE PLANNING COMMISSION SUMMARY MINUTES OF REGULAR MEETING

April 3, 2008  
7:00 P.M.

Shoreline Conference Center  
Mt. Rainier Room

#### Commissioners Present

Chair Piro  
Vice Chair Kuboi  
Commissioner Behrens  
Commissioner Broili  
Commissioner Hall  
Commissioner Kaje  
Commissioner Perkowski  
Commissioner Pyle

#### Staff Present

Joe Tovar, Director, Planning & Development Services  
Steve Cohn, Senior Planner, Planning & Development Services  
Paul Cohen, Senior Planner, Planning & Development Services  
Flannery Collins, Assistant City Attorney  
Jessica Simulcik Smith, Planning Commission Clerk

#### Guest

Terry Scott, Deputy Mayor

#### Commissioners Absent

Commissioner Wagner

#### CALL TO ORDER

Chair Piro called the regular meeting of the Shoreline Planning Commission to order at 7:08 p.m.

#### ROLL CALL

Upon roll call by the Commission Clerk, the following Commissioners were present: Chair Piro, Vice Chair Kuboi, and Commissioners Behrens, Broili, Hall, Kaje, Perkowski, and Pyle. Commissioner Wagner was excused.

#### APPROVAL OF AGENDA

The Director's Report was divided into two segments, one before and one after the public hearing. The Commission accepted the agenda as amended.

## **SEATING OF NEW COMMISSIONERS**

Terry Scott, Deputy Mayor, pointed out that Planning Commissioners are volunteers for the community, and their work is very important to the City. Their purpose is to provide guidance and direction for Shoreline's future growth through continued review and improvement to the City's Comprehensive Plan, Zoning Code, Shoreline Management Plan, environmental protection plans, and other related land use documents. Members serve a four-year term, and their work is very much appreciated by the City Council.

Mr. Scott conducted the swearing in ceremony for each of the following new Commissioners: John Behrens, Janne Kaje, and Ben Perkowski. He also swore in returning Planning Commissioners Will Hall and Michael Broili.

## **DIRECTOR'S REPORT**

Mr. Tovar alerted the Commission that the City Council adopted the new Planned Area 2 Zone for the Ridgecrest Commercial District, with the accompanying text, on March 31<sup>st</sup>. He reviewed that the City Council spent six evenings considering the Planning Commission's recommendation, as well as additional information that was provided by the public and staff. He summarized that the City Council adopted Mixed-Use Zoning for Planned Area 2. There was significant discussion about Planned Area 2A and the City Council approved building forms up to six stories as recommended by the Commission. However, they did make some changes and imposed additional regulations; the most notable was the concept of an additional sloping 2:1 setback above the third level of buildings. The City Council also made some changes to the parking requirements so that 80% of the required parking must be provided on the property, another 10% must be within a block, and the final 10% must be within two blocks.

Mr. Tovar announced that also on March 31<sup>st</sup>, the City Council considered an ordinance to extend the property tax exemption program to the Ridgecrest Commercial Neighborhood. They approved 350 units that could be applied for under the property tax exemption program.

Chair Piro inquired regarding the margin for the City Council's vote for the two items. Mr. Tovar said the final vote on the whole zoning package after numerous amendments was unanimous. The property tax vote was five in favor, none against, and two abstentions.

## **APPROVAL OF MINUTES**

The meeting minutes of March 6, 2008, March 13, 2008 and March 20, 2008 were approved as submitted.

## **GENERAL PUBLIC COMMENT**

Susan Melville, Shoreline, expressed concern that the City does not provide adequate notice of public hearings. Most of the citizens in Shoreline do not typically read the notices that are placed in *THE SEATTLE TIMES*, and *THE ENTERPRISE* is not dependably delivered to everyone in the City. The only

printed notice that goes to everyone is in the Shoreline *CURRENTS*, but there was no mention of the hearing in the March Edition. She urged the City to be more active in getting out public notice for hearings.

Commissioner Behrens asked Ms. Melville for ideas other than *CURRENTS* and other magazine and newspaper publications to get adequate information to the public. Ms. Melville suggested they could use Channel 21, but she does not get this station. While there is a phone number you can call for information, the notice of this public hearing was not recorded on the message until just a few days ago. Commissioner Behrens invited Ms. Melville to notify the Commission of any ideas she has for better notice publication. He said he would like to see the City provide more timely notice, as well.

Commissioner Pyle explained that legislative hearings require citywide notification, whereas quasi-judicial site-specific hearings require notice to all citizens within 500 feet of a subject property. He noted that tonight's hearing is a legislative matter to consider changes to the rules and process for reviewing and approving applications city-wide. No site-specific development proposal has been submitted at this time. Ms. Melville said she understands the difference between the two types of notice requirements. However, she expressed concern that by the time the City posts notice of a development application, the project proposal is a "done deal." The citizens have a right to know about all public hearings, and it shouldn't be the neighborhood's responsibility to deliver the notices. Chair Piro said the Commission shares the citizens' concerns about adequate notice of hearings, and they are always looking for opportunities to improve communications.

Les Nelson, *Shoreline*, said he is also concerned that the City did not provide adequate notification of tonight's hearing. The City's information line did not provide information until just a day or two before the hearing. In addition, Channel 21 was not available to citizens over the weekend and notice was not placed in *THE ENTERPRISE*, either. He suggested the City place large notices at gathering places throughout the City, such as the bigger grocery stores.

#### **LEGISLATIVE PUBLIC HEARING ON CODE AMENDMENTS TO REPLACE MORATORIUM IN COMMUNITY BUSINESS (CB), REGIONAL BUSINESS (RB) AND INDUSTRIAL (I) ZONES**

Chair Piro explained the rules and procedures for the legislative public hearing to replace the moratorium in the CB, RB and I Zones. He opened the public hearing and invited staff to present an overview of the proposal.

#### **Staff Overview and Presentation of Preliminary Staff Recommendation**

Mr. Cohen reviewed that in October of 2007, the City Council adopted Ordinance 484, which placed a moratorium on residential development proposals in CB, RB and I zones that are located within 90 feet of R-4, R-6 and R-8 single-family residential zones. The Council later modified the moratorium to exempt proposals less than 40 feet above the average elevation of the shared property line (Ordinance 488). Based on the City Council's direction, staff identified proposed transition area requirements to address the moratorium. Mr. Cohen referred to the list of Comprehensive Plan Policies that support

transition area requirements and talked about creating effective transitions between substantially different land uses and densities.

Mr. Cohen referred to the maps that were prepared by staff to illustrate the commercial zoning districts that would be affected by the proposed transition area requirements. These areas have been defined as the RB, CB and I zones that abut or are across the street from R-4, R-6 and R-8 zones. He identified the properties that were affected by the moratorium, but would no longer be affected based on the proposed language because they are not abutting or across the street from single-family residential zones. Originally, the moratorium affected 92 parcels, and the proposed new language would affect 70.

Mr. Cohen referred to a diagram titled, "Transition Area Cross Section," which shows the cross sections between CB, RB and I zones and R-4, R-6 and R-8 zones that are both abutting and across the street. He emphasized that there are only three or four situations (along 15<sup>th</sup> Avenue in North City) where there is single-family residential zoning both abutting and across the street from an RB, CB and I Zone. Typically, it is either one or the other. Therefore, it is unlikely that a commercial building would be stepped back on both sides. Mr. Cohen noted that the moratorium only affected residential development in the CB, RB and I zones. However, staff believes the intent was more related to the intensity and size of development. Therefore, they have expanded the proposed language to include any type of development: residential, mixed-use, commercial, industrial, etc.

Again, Mr. Cohen referred to the cross section diagram and noted that it identifies both the potential size of adjacent single-family homes (up to 35 feet) and the size of common single-family homes. The diagram also identifies a minimum 15-foot setback for the single-family residential property, and a minimum 20-foot setback for the adjacent commercial or multi-family residential property. The diagram illustrates the current and potential building bulk based on the existing code language, as well as the potential building bulk based on the proposed amendment language that requires both setbacks and setbacks.

Mr. Cohen referred to a map that was similar to the cross section diagram, but added more complexity based on questions raised by the Commission and citizens. It identifies a parcel in an RB, CB or I zone that is both across the street and abutting a single-family zone. He emphasized that the proposed language would only apply to RB, CB and I zones that are either adjacent to or across the street from single-family residential zones. He advised that in addition to the 20-foot setback requirement, an additional 20-foot setback would have to occur every 50 linear feet of property width with a minimum 20-foot dimension. This requirement would further reduce the bulk of a building.

Mr. Cohen referred to a map of the property on 152<sup>nd</sup> Street, which provides an example of how the cross section drawing would be applied to actual properties. He noted that Type I Landscaping would be required in the setback area to provide adequate screening. At the request of the Commission, additional language was added to allow a developer of a site to approach abutting property owners asking if they want different landscaping. If so, an agreement between the two parties must be filed with the City. Mr. Cohen continued to explain how the setback and other requirements of the proposed language would be applied to the subject property.

Mr. Cohen reviewed the following three questions the Commission raised on March 20<sup>th</sup>:

- ***How would transition area requirements be applied to properties that only partially abut each other?*** Mr. Cohen explained that the proposed language would apply when RB, CB and I zones are abutting or across rights-of-way from R-4, R-6 and R-8 zones. As currently proposed, any portion of the adjoining commercial property that meets this criterion would require transition area requirements radiating in from the point of property contact. He noted that this concept is further illustrated by the diagrams provided by staff. He summarized that staff does not recommend additional changes to the amendment language to address this issue.
- ***How would commercial properties be impacted if they are shallow?*** Mr. Cohen explained, that generally, commercial properties less than 80 feet in depth would not be able to attain the allowable height limit. In addition, the proposed Type I landscaping is unchanged from the current code language. However, an additional assurance for a longer lasting buffer and more setbacks into the building bulk would further impact the development potential. Staff believes it is important to maintain the proposed transition area landscaping and screening requirements even for shallow lots. Therefore, staff is not recommending a change to the proposed language to address this issue.
- ***Could a multi-building development circumvent the additional setback requirement?*** Mr. Cohen recalled that concern was raised that a development proposal with multiple buildings could circumvent the intent and language for further setbacks where facades exceed 50 linear feet. He agreed this would be possible, for example, if 40-foot facades were proposed in separate buildings with a 10-foot separation between buildings. Therefore, staff is recommending the language be changed to require that the setbacks be applied to the entire site no matter the number of buildings.

Mr. Cohen reviewed that, currently, the Development Code has one area that conflicts with the moratorium's intent and two areas where the amendment needs to be repeated since it does not have its own code section. He reviewed that the following proposed revisions would delete Exception 8 in SMC 20.50.020 which allows properties that are zoned R-48 to develop with buildings up to 60 feet with a special use permit. Staff felt this was a superfluous and never used provision that doesn't meet the spirit of the moratorium. Staff is recommending this section be deleted. Mr. Cohen said staff is also recommending that Exceptions 2 of SMC 20.50.020(2) and Exemption 4 of 20.50.230 be replaced with new language. Mr. Cohen explained that the existing language is applicable to transition area requirements for industrial zones only. He said staff felt this language was no longer useful or applicable and should be expanded to include the RB and CB zones.

Mr. Cohen clarified that the current code splits up the provisions for multi-family, commercial and mixed-use developments, but the proposed new language would appear in the code twice in order to apply to both the multi-family and commercial sections, which includes mixed-uses. He noted that, based on comments from the City Attorney and the Commission, some changes were made to the proposed language since the Commission's last review. He reviewed the updated draft proposed language as follows:

**2. Development in CB, RB and I zones abutting to or across street rights-of-way from R-4, R-6 and R-8 zones shall meet the following transition area requirements:**

- a. A 35-foot maximum building height at the required setback and a building envelope within a 2 horizontal to 1 vertical slope up to the maximum building height for the commercial zone.*
- b. Property abutting R-4, R-6 and R-8 zones must have additional setbacks for every 50-linear feet of abutting property. The additional setback must be a minimum of 20 feet and 800 square feet of open ground.*
- c. Type I landscaping and a solid 8-foot property line fence shall be required for transition area setbacks abutting R-4, R-6 and R-8 zones. Type II landscaping shall be required for transition area setbacks abutting right-of-ways across from R-4, R-6, and R-8 zones. Patio or outdoor recreation areas may replace up to 20% of the landscape area and be no closer than 10 feet from abutting property lines so long as Type I landscaping can be effectively grown. Required tree species shall be selected to grow a minimum height of 50 feet. A written agreement with the abutting property owners to delete or substitute tree varieties shall be offered by the developer and submitted for City approval. The landscape area shall be a recorded easement that requires plant replacement as needed to meet Type I landscaping restoration after any utility disruptions.*

**Questions by the Commission to Staff and Applicant**

The Commission discussed whether “shall” or “may” would be more appropriate in the second to the last sentence of Provision “c”. Ms. Collins pointed out that since this provision would be optional, “may” would be more appropriate. However, Chair Piro and Commission Pyle pointed out that the intent was to require property owners to offer to work with adjacent single-family property owners. Commissioner Hall cautioned that if a property owner is required to offer an adjacent property owner the opportunity to substitute tree varieties based on a joint agreement, adjacent property owners could refuse to sign the written agreement, thus creating a defacto moratorium. He felt they should leave it optional to seek agreement with a neighbor in order to do something different. The prescriptive option has already been established in the code. The Commission agreed to discuss this issue further during their deliberations.

Vice Chair Kuboi asked if Provision “c” would require a developer to reach an agreement with all abutting property owners or individual property owners. Mr. Cohen said the concept would be applied to individual property owners. It would be unreasonable to expect all of the residential neighbors to coordinate and enter into a collective agreement.

Commissioner Behrens asked what would happen if various neighbors all wanted different landscaping. He also asked what would happen in the case of a property owner who is selling his property and has no vested interest in what happens between his/her property and the proposed development. Mr. Cohen said the intent is that the developer would be required to approach each property owner and offer an

opportunity to change the landscaping along each individual property line. Mr. Tovar clarified that staff's intent was that the offer would be made to abutting property owners by the applicant, and mutual agreement would have to be present before a departure from the code requirement would be allowed. He cautioned against establishing code language that would allow either party to have an absolute trump over changes to the code. He emphasized that any agreement would have to be reviewed and approved by the City, and staff would look not only at the interest of the developer and the current owner, but also any future owners.

Commissioner Pyle said he understood the proposed language in Provision "c" was drafted with the intent of offering some lesser landscaping requirement due to someone's potential desire for solar access. An adjacent property owner may not want a 50-foot line of evergreens in his/her backyard if they would block the sun. He summarized that as per the proposed code language, a developer would be required to notify the neighbor of the maximum amount of landscaping required between the two properties and offer the ability to reach an agreement for a lesser amount of landscaping in order to maintain adequate solar access. The proposed language would not give the neighbor the opportunity to require the developer to provide more than Type I landscaping. Mr. Cohen said the intent is to allow for an agreement that would change the landscape materials to something else, but not increase the landscaping more than what is already required.

Commissioner Kaje suggested the language in Provision "c" related to patio and outdoor recreation areas is awkward, and he asked staff to clarify their intent. Mr. Cohen clarified, that as proposed only 20% of the 20-foot setback area and the additional setback area could be used for patios and outdoor recreation. None of it could approach closer than 10 feet to the bordering property line. The idea is to ensure there is ample room for Type I landscaping to thrive and become fully effective. The language allows some flexibility, but the Type I landscaping should not be compromised. Commissioner Kaje suggested the language could be improved to better describe the intent. The Commission agreed to discuss this issue further during their deliberations.

Commissioner Pyle inquired if the City's current Development Code allows 8-foot fences. Mr. Cohen affirmed they are allowed, but a building permit would be required. Typically under the Development Code, 8-foot fences are not exempt from the setback requirements. This would be an exception to the current provisions. The Commission agreed to consider this issue further during their deliberations.

Vice Chair Kuboi asked what would happen if five separate abutting property owners all indicate different desires for landscaping. If this were allowed, the species of landscaping would change from one abutting property to the next. Mr. Cohen agreed. Vice Chair Kuboi pointed out the landscaping would be located on the RB, CB or I zoned property. This could become onerous and look odd from a developer's perspective to have a hodgepodge of vegetation along the property line. Mr. Cohen said the developer would be required to approach the abutting property owners to discuss landscaping alternatives. This could result in different versions of landscaping. While the developer may not like the end result, the proposed language offers the clearest way to provide flexibility for the adjoining property owners. He recalled the public comments about not wanting monstrous trees looming over their residential properties, blocking their solar access. The proposed language represents the cleanest way to

provide some flexibility. Allowing a developer to determine that the alternative plans were too inconsistent would bog down the provision and make it difficult to administer.

Mr. Tovar explained that, typically, it would be in the applicant's interest to put in fewer or smaller trees than the standard would require. He agreed that requiring an applicant to create five different landscape areas could be an excessive burden. In addition, City staff could be required to adjudicate these types of issues between applicants and abutting property owners. He summarized that the purpose was to enable less material than the standard, but only if it were mutually agreeable to both parties.

Commissioner Broili said he is adamant about allowing more flexibility for adjacent property owners. In most cases, these people have lived in the area for a number of years and would be significantly impacted when a property is redeveloped. While he is not opposed to development, there should be some opportunity for developers to work with adjacent property owners and offer respite from the huge impacts. He pointed out that landscaping is not naturally constrained by property lines. Most landscapes are multi-cultures of many different plant species, and a competent landscape architect should be able to mitigate the requirements of five different property owners into a landscape that meets everyone's needs. He said he believes the provision would require a developer to be more thoughtful in the way they create a transition between the properties.

Commissioner Kaje requested clarification on the provision related to patios and recreation areas in the setbacks. Using staff's diagram, he asked if the 20% provision would be measured by calculating all of the landscape area on the total development or just 20% of the landscape area that falls under the transition area rules. He noted that if it were measured based on landscape area on the total development, a developer could construct a large patio against the abutting fence only 10 feet away. Mr. Cohen agreed the language could be tweaked to make it clear that the 20% requirement would only apply to the required setback on the abutting property line. Perhaps the language should be changed to say "may replace up to 20% of the setback area required for the transition."

Commissioner Behrens agreed with Commissioner Broili that the intent of Provision "c" is to create diversity between the property lines, which is an admirable approach. Perhaps they could come up with a system that allows for a common decision process, possibly as part of the development permit application process.

### **Public Testimony or Comment**

Dennis Lee, Shoreline, expressed his belief that the proposed language would result in an RB zone with mega density for only small areas of the City. He said he recently read through the Comprehensive Plan, which appears to be a visionary document that is supposed to be the foundation for the City's Development Code. He agreed that the zoning map is out of compliance with the Comprehensive Plan, but the proposed language would not result in transition zoning. The Comprehensive Plan Map identifies transition zoning as moving from R-48 to R-24 and R-6 zoning. He suggested that forcing a situation where a density of over R-100 would be located next to an R-6 zone should not be considered transition zoning. He suggested staff is trying to grind the detail in order to get the concept to work, but

approving the proposed language could result in a real problem because the Comprehensive Plan would no longer be the foundation.

**Les Nelson, Shoreline**, referred to the handout he provided to the Commission on March 20<sup>th</sup>, in which he proposed the Commission consider a 2 to 1 setback ratio. He noted that significantly fewer properties would be impacted by the proposed language than the number that were impacted by the existing moratorium. He distributed a letter (Exhibit 1) to the Commission to identify items that he did not feel were addressed by the proposed language. For example, while a lot of detail was provided to make the amendment work, staff still seems to focus on just one development. There are many other areas along Aurora that would be impacted by the proposed amendment. He noted the proposed language would still allow an overall building height of 80 feet. He pointed out that in his neighborhood, an 80-foot building would still look bad from 500 feet away.

Mr. Nelson said that as currently proposed, the property owners that are 200 to 400 feet away would not have any say on what happens to the landscaping. He suggested that a developer could offer to pay an adjacent property owner in order to provide less landscaping. He said he would prefer to have taller trees in the landscaped areas. Mr. Nelson said the proposed language would allow deviations in what has historically been required for parking in order to provide an incentive to developers. This would result in cars parking in the residential neighborhoods. He expressed concern that traffic impacts associated with the more intense developments have not been addressed. While the proposed language represents a big improvement in addressing transition areas, he suggested it would take much more work to effectively transition between an R-8 zone and an R-240 zone.

**Janet Kortlever, Shoreline**, said she is appalled at the amount of time the Commission and Mr. Cohen spent discussing the issues, when they are only offering the audience two minutes each to comment. She noted they lost a few audience members because they had to wait so long to speak. She announced that during the past week, a county assessor visited each home on Ashworth Avenue and beyond onto 152<sup>nd</sup> Avenue, which has not been identified on the maps that have been presented. The assessor suggested the traffic on the street is more indicative of what would exist on an arterial street. The assessor said she talked previous with a gentleman who is in a wheelchair who indicated he no longer feels it is safe to go down the street. Ms. Kortlever said she has the same problem crossing her street to get to the mailbox on the other side. She has to walk slowly, and she is afraid that people coming fast around the corner will hit her. She said the assessor also indicated that the proposed amendment would result in a reduction in their property values. She said she recently received her new tax statement, and her property value went up significantly. She said she lives on a fixed income and doesn't know how she will be able to afford to stay in her home. She said she would also not be able to afford to live in the senior housing development that is being proposed.

Commissioner Hall pointed out that Ms. Kortlever expressed concern about property values going down and also about them going up. Ms. Kortlever said she is not concerned about her property values going up, but about her taxes going up. Commissioner Hall pointed out that property taxes are directly related to property values. Ms. Kortlever said the assessor indicated the property values would drop. Commissioner Hall asked if Ms. Kortlever wants the property values to go up or down. Ms. Kortlever said the point she was trying to make was that the senior housing development would be tax exempt,

along with many others that are now being developed. It seems the proposal would benefit the developers and not the community. It would put more strain on the single-family property owners to pay the tax revenue needed by the City to operate a good community.

**Susan Melville, Shoreline**, expressed that while the proposed amendment would apply to numerous properties throughout the City, it was created to address concerns raised over the proposed development at the Overland Trailer Court property, where there is only one adjacent single-family residential property owner. She noted that the proposed landscaping would include trees that grow to a maximum of 50-feet tall, but they should remember a potential building could be 80-feet tall. The adjacent neighbor of this property is not so concerned of the biomass of the 50-foot trees, but the building mass of 80 feet. She noted that the proposed language would not allow utility easements to encroach into the landscaping requirements. She noted there is a utility easement along the back portion of the Overland Trailer Court property. Would a 10-foot easement require the developer to push the development back further onto the property?

Ms. Melville referred to a picture of the proposed development for the Overland Trailer Court and the Stone Court Apartment Building. She noted that the Stone Court Apartment Building is only 20 feet from her property line, and the proposed new building would be 20 feet from her neighbor's property line. She questioned why the setbacks would be the same given that the proposed building would be much higher. She noted that the large trees are owned by the residential property owner, and they are already 50 feet tall. She also noted the 35-foot trees along the property line that were 10 feet when originally planted 15 years ago. She said she and her neighbors met with Mr. Cohen on March 13<sup>th</sup> to discuss their concerns. She also raised her issues to the Commission on March 20<sup>th</sup>. However, the property would still be allowed to develop to a significant height that would impact the neighbors.

Mr. Cohen clarified that the proposed language would not allow utility easements to encroach into the landscaped setback area. The landscape requirement would be added onto the width of the utility easement, which could possibly require a developer to move the building further back. Chair Piro asked if this requirement would apply to underground easements, as well. Mr. Cohen answered affirmatively. He explained that in most every situation, utility companies won't allow developers to put large landscaping materials on top of utility easements.

**Joe Kraus, Shoreline**, recalled a plan submitted by a developer of the property known as the Overland Trailer Court. The plan called for a 65-foot building, and 15 additional feet for rooftop equipment. He said Mr. Cohen indicated that the code allows for this additional 15 feet, so the potential height of a building in the proposed new zone would be 80 feet or eight stories. He questioned why the diagrams provided by staff illustrate a maximum building envelope of 65 feet in height, when an additional 15 feet would actually be allowed. He suggested this is an attempt to deceive the citizens. Although he has raised this issue on numerous occasions, it has never been addressed by City staff.

Commissioner Behrens noted that Mr. Kraus lives close to the existing Safeway Store. He asked if Mr. Kraus can see the service equipment on the roof of the Safeway Store from his home. Mr. Kraus answered that he could not. However, people who live in other locations can. Commissioner Behrens asked Mr. Kraus if the impacts associated with rooftop equipment could be partially mitigated and more

tolerable if the design process required the equipment to be shielded from view behind corners, cornices, gables, etc. Mr. Kraus said he is not only concerned about visibility. Requiring a developer to screen the equipment would likely result in a loss of units, which would be undesirable to developers. Rather than taking away from the area of the building, Commissioner Behrens said he is more interested in exploring options for designing buildings in such a way that some of the visual impacts of rooftop equipment are mitigated. Mr. Kraus said this would not address his concern since a 65-foot building with a high number of units would still have too great of an impact on the community, particularly related to traffic. He noted that, as he testified at an earlier meeting, the additional traffic impacts have not been addressed, either.

**Jeff Johnson, Shoreline**, said he lives in the Richmond Beach Neighborhood. He submitted his written comments to the Commission, and they were identified as Exhibit 2. Mr. Johnson noted that in all of the testimony expressed by the citizens, it is clear that they believe all R-4 and R-6 single-family residential neighborhoods are under attack. He referred to Table 20.50.020.2, which would allow apartment developments in the I zone to have a 20-foot side or rear yard setback when adjacent to R-4 and R-6 zones. At that point, their respective maximum heights would match. However, at 10-foot increments, the I zone's maximum height limit would stair step to 50 feet and 65 feet respectively, and then up to a maximum of 80 feet. He suggested that a height buffer of at least one property parcel with a 35-foot maximum height be established between the I zone and the R-4 and R-6 zones. This buffer zone should allow only neighborhood business, office or high-density residential uses. This would create a buffer that allows a greater setback and avoid the creation of a huge visual impairment for surrounding single-family residential property owners. Mr. Johnson urged the Commission to assess how the proposed language would impact traffic volumes, property values, etc. He expressed his belief that the character of the neighborhoods in Shoreline are being sacrificed to some degree by decisions to make these kinds of large developments part of the neighborhoods.

Chair Piro asked how Mr. Johnson would propose creating a buffer parcel in a scenario where there is already R-4 or R-6 zoning adjacent to R-48 zones. Mr. Johnson suggested that in these situations, the proposal put forth by the City Council is something they would have to agree to. If not, they should work to create neighborhoods that are both livable and sustainable for everybody.

#### **Final Questions by the Commission and Commission Deliberation**

Commissioner Pyle recalled that prior to the initial meeting the Commission conducted on this topic, he submitted a list of comments to staff. One issue he raised was regarding traffic. While he feels the proposed language represents a good attempt to mitigate for a larger, more intense development adjacent to a lower intense use, he is concerned that the proposed language makes no attempt to address traffic impacts. He agreed that the concept of stepping the building back and providing landscaping would help mitigate the impacts, but the Commission should keep in mind that the overarching goal should be to protect single-family neighborhoods by managing the existing zoning. He said that unless the City is willing to regulate traffic through the single-family neighborhoods, they would be unable to adequately protect them. He urged that the language be changed to require that development take access from an arterial street. The language should provide some method for determining feasibility. If it is determined unfeasible to take access from an arterial, a developer should be required to work with the City's Traffic

Engineer to develop a traffic mitigation plan for the impacted neighborhoods. Commissioner Pyle pointed out that it takes neighborhoods a significant amount of time to go through the neighborhood traffic enhancement program to mitigate traffic issues.

Commissioner Hall asked that the minutes from the March 13<sup>th</sup> and March 20<sup>th</sup> hearings be included as part of the record. Ms. Collins indicated that these two documents would be included as part of the record that is forwarded to the City Council along with the Commission's recommendation.

Mr. Kaje questioned the provision that allows rooftop equipment to extend an additional 15 feet in height. While this is already part of the code, the proposed language could be fairly straightforward and prohibit this equipment from being located on the portion of the building that is at the greater height. He recognized that this equipment is necessary, but it could be provided outside of the step up section of the building envelope. Mr. Cohen said that is the intent of the diagram showing the maximum building envelope, but perhaps the language should be changed to make it clear that nothing would be allowed an exception from the 2 to 1 slope requirement.

The Commission discussed how they would go about making changes to the proposed language before forwarding their recommendation to the City Council. Mr. Tovar advised that staff could compose alternative language for the Commission to consider. However, if they do not make a recommendation tonight, it would be difficult for the City Council to consider the language and make a decision by the time the moratorium expires on April 29<sup>th</sup>. The Commission could recommend the City Council extend the moratorium until they can complete their work.

Chair Piro noted that it would not be possible for the Commission to make a decision on the traffic mitigation component raised by Commissioner Pyle at this time. He questioned if the Commission would support advancing the proposed language and then come back with another piece that deals with traffic mitigation and other issues that require additional time. Mr. Tovar agreed they could deal with the proposed language now. Then the Commission could recommend to the City Council that this item be added to their 2008 work program. Staff could prepare a proposal for the Commission's review, but it would take a number of months to fine tune the language, take it through the SEPA process, etc. Chair Piro suggested that Commissioner Pyle's concern appears to be tied to larger areas of the City where residential and commercial properties interface.

Commissioner Hall said that while he recognizes the Commission has the option of asking the City Council to extend the moratorium, he would prefer to give the City Council the option of deciding whether to move the proposed amendment ahead or not. Given the Commission's timeline, the only reasonable way they can give the City Council the option to either extend the moratorium or replace it with new language would be for the Commission to take action now. While he recognizes that traffic and parking are huge issues for not only this proposal, but for other rezones they have considered, he would like the Commission to get a motion on the table and do their best to take action on the proposal. This would give the City Council the ability to continue the public process and either extend the moratorium or do something else.

### Continued Commission Deliberations

**COMMISSIONER HALL MOVED TO RECOMMEND APPROVAL OF THE PROPOSED TRANSITION AREA AMENDMENTS (TO REPLACE THE MORATORIUM IN CB, RB AND I ZONES) AS PRESENTED IN ITEM 8.1 ATTACHMENT C IN THE APRIL 3, 2008 PLANNING COMMISSION AGENDA PACKET. COMMISSIONER PYLE SECONDED THE MOTION.**

Commissioner Hall pointed out the Commission has held several work session discussions with staff, and they have taken public testimony on three occasions. While he understands the concerns about public notice, he noted that when the moratorium was put in place there was a number of people aware of the issue. However, they have not received a significant amount of public comment during their hearings. He reminded the Commission that the proposal is intended to be an interim patch to protect the neighborhoods and streets while allowing some development to move forward. As per the current moratorium, development is not allowed in these areas at this time. He recommended that as the Commission's final recommendation progresses, it would be appropriate to make amendments to improve the language based on comments received from the public and Commission concerns. For example, he said he likes the concept of forcing a 2 to 1 setback to apply to all rooftop equipment, etc.

Commissioner Pyle agreed with Commissioner Hall that the proposed language was intended to be a patch that would work in the interim as the Commission moves forward with real fixes to the Development Code. He recalled that one of the initial reasons for the moratorium was that the scale of development that could occur directly adjacent to a single-family neighborhood might not be appropriate. While some members of the public may argue that elements of the proposed language are not appropriate, the staff and Commission have worked hard to put in place mitigation measures that would ensure some sort of sustained separation so these two types of developments could coexist. The proposed language is a step in that direction, but he would propose amendments as the discussion moves forward.

**COMMISSIONER PYLE MOVED TO AMEND THE MAIN MOTION TO ADD A SUBSECTION "d" TO 20.50.020(2) THAT WOULD READ AS FOLLOWS:**

***d. ALL PRIMARY ACCESS TO DEVELOPMENTS SUBJECT TO TRANSITION AREA REQUIREMENTS SHALL BE TAKEN FROM AN ARTERIAL STREET UNLESS DETERMINED TO BE NOT TECHNICALLY FEASIBLE. DETERMINATION OF TECHNICAL FEASIBILITY SHALL BE MADE BY THE DIRECTOR OF PLANNING AND DEVELOPMENT SERVICES. DEVELOPMENTS DETERMINED BY THE DIRECTOR AS UNABLE TO TAKE ACCESS FROM AN ARTERIAL STREET SHALL WORK WITH THE CITY'S TRAFFIC ENGINEER TO DEVELOP AND IMPLEMENT A TRAFFIC MITIGATION PLAN TO PROTECT THE ADJACENT SINGLE-FAMILY COMMUNITY.***

**COMMISSIONER BROILI SECONDED THE MOTION.**

Commissioner Pyle explained his rationale for proposing the amendment. He felt that while the form is addressed in the draft amendment, the unintended consequences associated with traffic impacts have not

been adequately addressed to protect the residential neighborhoods. He pointed out that people would make decisions in their day-to-day commute to cut time. If that means going through a single-family neighborhood, that's what they'll do if allowed. Therefore, it is important to provide traffic calming measures to make the situation tolerable for the community.

Commissioner Behrens expressed his belief that Commissioner Pyle's proposed amendment would go a long way in solving some of the problems that have been raised by the citizens. However, he suggested the language be amended further to address both the entrance and exit points to the property. The Commission agreed that the term "access" would cover both exist and entrance points.

Commissioner Hall said he plans to support the proposed amendment because protecting the single-family neighborhoods is important. He recalled they discussed at a previous meeting that there might be situations where it wouldn't really be feasible to implement the concept put forth in Commissioner Pyle's initial proposal, but he is satisfied that the new proposed amendment would provide a satisfactory alternative.

**THE MOTION TO AMEND THE MAIN MOTION WAS APPROVED 8-0.**

**COMMISSIONER HALL MOVED TO AMEND THE MAIN MOTION TO CHANGE THE FOLLOWING SUBSECTIONS OF 20.50.020(2) TO READ AS FOLLOWS:**

**2. DEVELOPMENT IN CB, RB, OR I ZONES ABUTTING OR ACROSS STREET RIGHTS-OF-WAY FROM R-4, R-6 OR R-8 ZONES SHALL MEET THE FOLLOWING TRANSITION AREA REQUIREMENTS:**

**b. PROPERTY ABUTTING R-4, R-6, AND R-8 ZONES MUST HAVE ADDITIONAL SETBACKS FOR EVERY LINEAR FEET OF ABUTTING PROPERTY. THE ADDITIONAL SETBACK MUST BE A MINIMUM OF 20 FEET AND 800 SQUARE FEET OF OPEN GROUND.**

**c. TYPE I LANDSCAPING AND A SOLID 8-FOOT PROPERTY LINE FENCE SHALL BE REQUIRED FOR TRANSITION AREA SETBACKS ABUTTING R-4, R-6, AND R-8 ZONES. TYPE II LANDSCAPING SHALL BE REQUIRED FOR TRANSITION AREA SETBACKS ABUTTING RIGHTS-OF-WAY ACROSS FROM R-4, R-6 AND R-8 ZONES.**

**COMMISSIONER BROILI SECONDED THE MOTION. THE MOTION CARRIED 8-0.**

**COMMISSIONER HALL MOVED TO AMEND THE MAIN MOTION TO HAVE SUBSECTION "a" OF 20.50.020(2) READ AS FOLLOWS:**

**a. A 35-FOOT MAXIMUM BUILDING HEIGHT AT THE REQUIRED SETBACK AND A BUILDING ENVELOPE WITHIN A 2 HORIZONTAL TO 1 VERTICAL SLOPE UP TO THE MAXIMUM BUILDING HEIGHT, INCLUDING ANY ROOFTOP EQUIPMENT AND APPURTENANCES FOR THE COMMERCIAL ZONE.**

Commissioner Hall said the intent of his proposed amendment is for the 2 to 1 setback line to continue beyond the height of the livable structure; and that any elevators, stairwells, etc. would have to fit within that same 2 to 1 slope. If the property is not wide enough, the developer could end up losing one story.

**COMMISSIONER PYLE SECONDED THE MOTION.**

Commissioner Behrens said that when he raised a concern regarding rooftop equipment, he was visualizing buildings he had seen where the outside top railing on the building is created in such a way to hide the rooftop equipment. But Commissioner Hall's proposal would be a much more honest way of addressing the concern.

Commissioner Pyle asked if the current Development Code allows a developer to place mechanical equipment at the ground level. Mr. Cohen answered affirmatively, but said developers rarely propose this option. Commissioner Pyle asked if the mechanical equipment would be allowed in the required setbacks. Mr. Cohen answered that it would be allowed within the setback if it is located below ground, but above equipment would be considered a structure and have to meet the setback requirements. Commissioner Pyle asked if the City allows cell phone antennas to be placed on the top of buildings. Mr. Cohen said the current Development Code allows cell phone antennas up to 15 feet above the existing building height. Commissioner Pyle noted that as per Commissioner Hall's proposal to amend, cell phone towers would have to fit within the triangle of the 2 to 1 setback. Commissioner Hall agreed that is the intent of his motion. He emphasized that as proposed, no rooftop equipment or appurtenances would be allowed to extend beyond the building envelope.

Mr. Cohen said a different section of the code states that a cell phone antenna can only be 15 feet higher than any existing building. They can be constructed up to 15 feet above the maximum height allowed in the zone. On a building that is 65 feet from the flat of the roof, a cell phone antenna could go an additional 15 feet. Commissioner Broili noted antennas would not be allowed to extend 15 feet above the mechanical equipment. Commissioner Pyle noted that the proposed new language would push the mechanical equipment to the center of the building, which is good design that would lower the perceived height of a building.

**THE MOTION TO AMEND THE MAIN MOTION WAS APPROVED 8-0.**

**COMMISSIONER KAJE MOVED TO AMEND THE MAIN MOTION TO CHANGE A PORTION OF SUBSECTION "c" OF 20.50.020(2) TO READ AS FOLLOWS:**

***PATIO OR OUTDOOR RECREATION AREAS MAY REPLACE UP TO 20% OF THE LANDSCAPE AREA THAT IS REQUIRED IN THE TRANSITION AREA SETBACK SO LONG AS TYPE I LANDSCAPING CAN STILL BE EFFECTIVELY GROWN. NO PATIO OR OUTDOOR RECREATION AREA IN THE TRANSITION AREA SETBACK MAY BE SITUATED CLOSER THAN 10 FEET FROM ABUTTING PROPERTY LINES.***

**COMMISSIONER HALL SECONDED THE MOTION. THE MOTION TO AMEND THE MAIN MOTION CARRIED 8-0.**

The Commission discussed the concern raised earlier about the last section of Subsection "c", which would require a developer to approach abutting property owners with an offer of alternative landscaping in the setback area. As currently proposed, a developer would have the option of offering to enter into an agreement with abutting property owners regarding landscaping. Concern was expressed that perhaps this should be a requirement rather than optional.

**COMMISSIONER BROILI MOVED TO AMEND THE MAIN MOTION TO CHANGE A PORTION OF SUBSECTION "c" OF 20.50.020(2) TO READ AS FOLLOWS:**

***A DEVELOPER SHALL REVIEW WITH ABUTTING PROPERTY OWNERS THE PROPOSED TYPE I LANDSCAPE MATERIALS AND SPACING. IF THE DEVELOPER AND ANY ABUTTING PROPERTY OWNER MUTUALLY AGREE, THE CITY MAY APPROVE AN ALTERNATIVE LANDSCAPING BUFFER WITH SUBSTITUTE TREE VARIETY, SPACING OR SIZE.***

Commissioner Kaje said the proposed language should make it clear that a developer could enter into an agreement with one or all abutting property owners. Mr. Tovar said the agreements could be different for each property.

**COMMISSIONER PYLE SECONDED THE MOTION.**

Commissioner Behrens questioned if they should use the word "every" instead of "any." Commissioner Hall said he would prefer an approach that makes it mandatory for a developer to offer an agreement to every property owner. Where they reach mutual agreement, the concept could move forward.

**THE MOTION TO AMEND THE MAIN MOTION CARRIED 8-0.**

Commissioner Hall referred to the last sentence of Subsection "c" and noted there are many kinds of easements. He expressed that a utility that is put in to serve the property may have an easement. For example, an easement might be required in order to connect with utilities that are provided within the right-of-way. He asked if this could create unintended consequences by making the utilities impenetrable? Mr. Tovar pointed out that the intent of this sentence is to ensure that vegetation in the setback areas remains viable. Perhaps the standard should be refined to make it clear that if the Planning and Development Services Department concludes an easement would interfere with the viability of plant materials and the function of the buffer, it would not be allowed. But if the easement would not interfere with the plantings, it could be allowed.

**COMMISSIONER HALL MOVED TO AMEND THE MAIN MOTION TO HAVE A PORTION OF SUBSECTION "c" OF 20.50.020(2) CHANGED TO READ:**

***NO UTILITY EASEMENTS SHALL ENCROACH INTO THE LANDSCAPING REQUIREMENTS IF IT IS DETERMINED THAT THEY WOULD IMPAIR THE VIABILITY OF THE BUFFER.***

**COMMISSIONER BROILI SECONDED THE MOTION.**

Commissioner Kaje questioned if the intent of the second to the last sentence in Subsection c is to say replacement of plants would only have to occur if they were lost due to utility disruption, or would a developer be required to maintain Type I Landscaping, period. Commissioner Hall noted that the words that are highlighted would be deleted, making it clear that a developer would be required to maintain Type I Landscaping.

**THE MOTION TO AMEND THE MAIN MOTION CARRIED 8-0.**

Commissioner Hall recalled that several people who testified raised the issue of consistency between the Comprehensive Plan and the Zoning Ordinance. He agreed this is a confusing matter that should be further clarified by staff in the future. However, he is comfortable moving the proposed amendment forward with a recommendation that it replace the current moratorium. As they revisit these areas through the subarea planning process, they can consider revisions to both the zoning and land use designations in order to achieve consistency of vision.

Commissioner Hall recalled Mr. Nelson's previous suggestion that they downzone all of the RB, CB and I zones to R-24. He said this may work in some areas, but not others. The question of how to create a transition through zoning is interesting. Would it be better to up zone the adjacent residential properties or down zone the adjacent commercial properties? These are the types of questions that should be handled at the community level through the subarea planning process.

Commissioner Hall recalled that Mr. Spillsbury pointed out the need to limit height, and the changes proposed by the Commission would improve this situation. He reminded the Commission that the more they limit height, the more development gets spread out. The community must make a decision if they want to grow up or see sprawl. They must face issues such as climate change, air quality, commute distances, sustainability, runoff, etc. By and large, housing twice as many people above a foundation would have less of an impact on earth. Height versus sprawl is a balance between protecting neighborhoods and meeting other needs. He said he is comfortable with the proposed language, since before the moratorium the code allowed 65 feet in height with no upper floor setbacks. The proposed language represents an improvement over the existing regulations. Commissioner Hall noted that virtually all the testimony the Commission heard was focused on one development; and he agreed with Mr. Nelson that they need to do a more comprehensive review of this issue. However, this cannot be done before the moratorium expires. He said he plans to support the motion, as amended.

Commissioner Pyle asked if the City would be subject to any potential litigation associated with taking if they were to propose an action to downzone a property that was still consistent with the Comprehensive Plan land use designation. Commissioner Hall pointed out that downzones happen all the time in

communities. Ms. Collins agreed with Commissioner Hall that downzoning would be legally possible, as long as it is consistent with the Comprehensive Plan.

Commissioner Behrens recalled that parking was the most difficult issue the City Council dealt with as part of the Ridgecrest Commercial Neighborhood Rezone. He suggested that it would be false to pretend this is not an important element. He urged the Commission to address this concern even though it may take a lot of work. He pointed out that parking impacts associated with the proposed amendment would have a significant and direct impact on surrounding residential properties. The City must establish parking standards to adequately protect the neighborhood from impacts associated with large developments. He suggested they consider sticking with the strict construction of the existing parking restrictions in the Development Code and not allow the parking requirements to be altered. Parking is the only way to control the size and impact of a building. Parking is part of the market forces that determine the success of a building, and waiving the parking requirement would unfairly burden the neighborhood and empower a developer. Commissioner Behrens recognized that the Commission would not be able to address all of the concerns now, but he suggested that perhaps they are exercising an optimism that would probably not work. The Council would hear from all the citizens in the neighborhood about their parking problems. Unless they have a way to address this concern, they are not really offering help to the City Council.

Chair Piro noted that one secondary impact associated with the proposal is that creating more of a transition and lessening the bulk may translate into a less intense development from what would have been allowed under the existing code before the moratorium was put in place. He emphasized that the proposed language would not waive the parking requirements, and the language may even lessen the intensity of potential development. The subsequent result could also be less parking demand. He reminded the Commission that they passed a second action, after their vote on the Ridgecrest Commercial Neighborhood zoning proposal, to suggest the City Council provide guidance and direction for taking these types of issues up in the near future. He noted that parking issues are not unique to any one development in the City, and the majority of the Commissioners agree that parking must be addressed in a comprehensive, citywide manner.

#### **Vote to Recommend Approval or Denial or Modification**

**THE MAIN MOTION TO APPROVE THE PROPOSED TRANSITION AREA AMENDMENTS AS AMENDED WAS APPROVED 7-0-1, WITH COMMISSIONER BEHRENS ABSTAINING.**

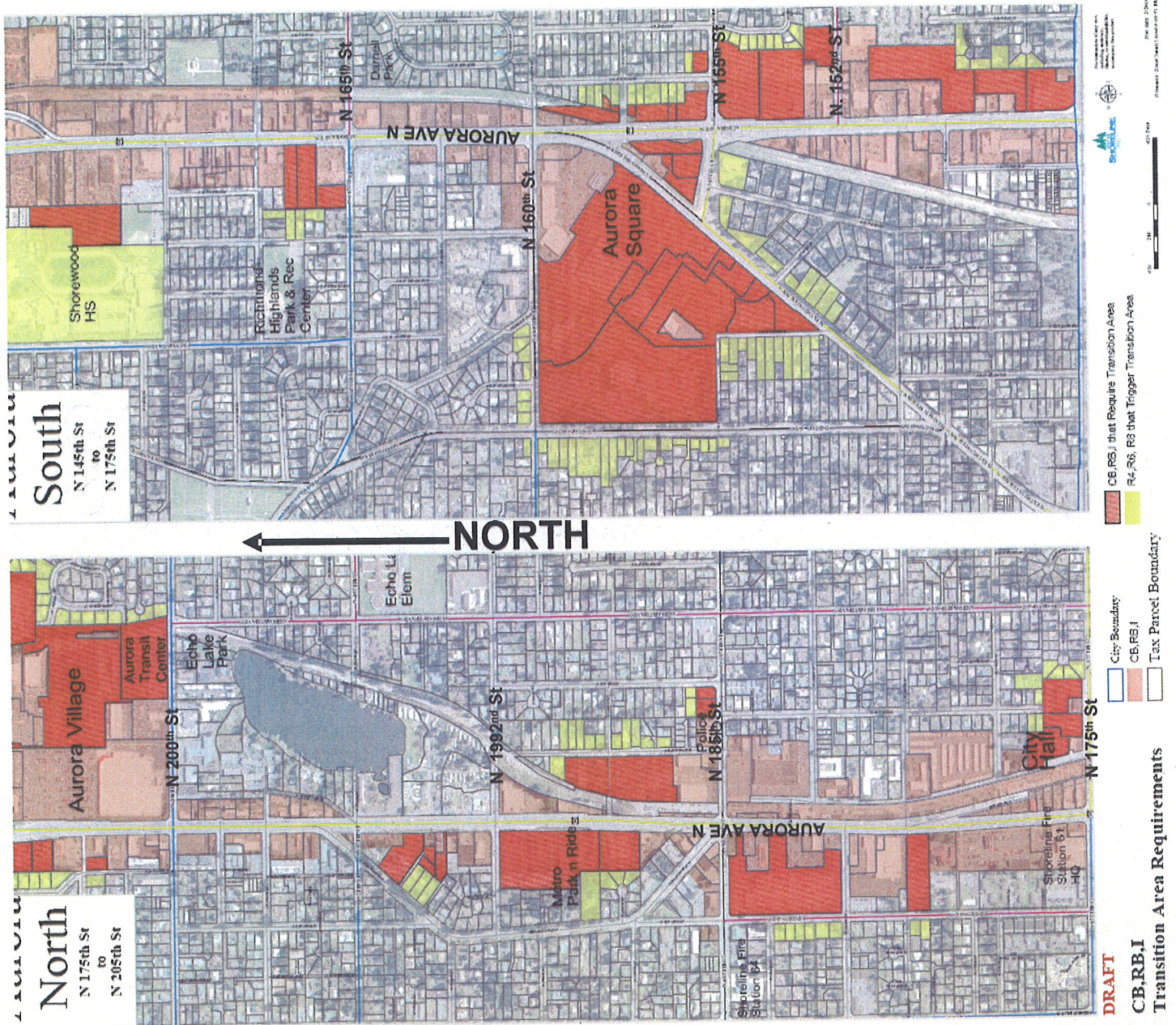
#### **Closure of Public Hearing**

**COMMISSIONER BROILI MOVED TO CLOSE THE PUBLIC HEARING. COMMISSIONER PYLE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.**

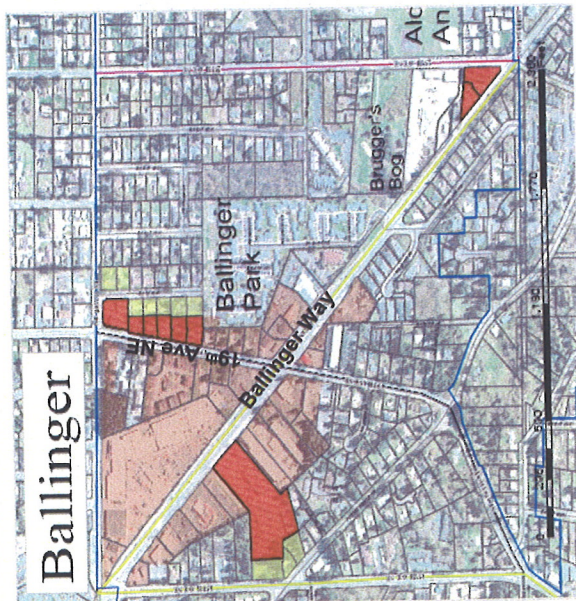
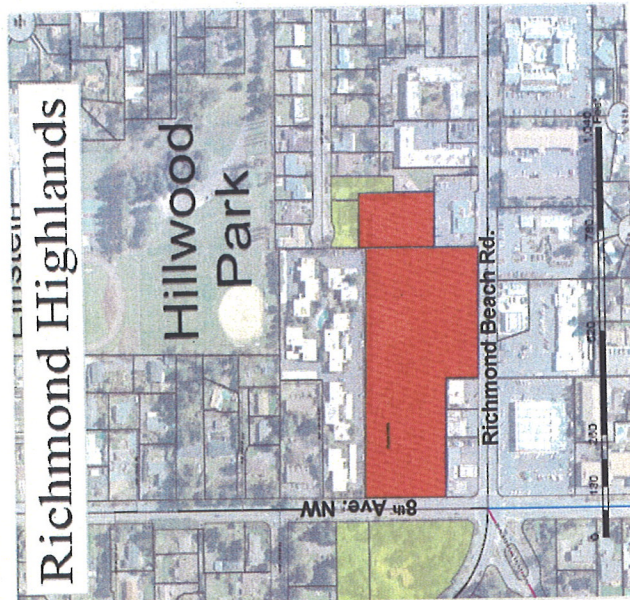
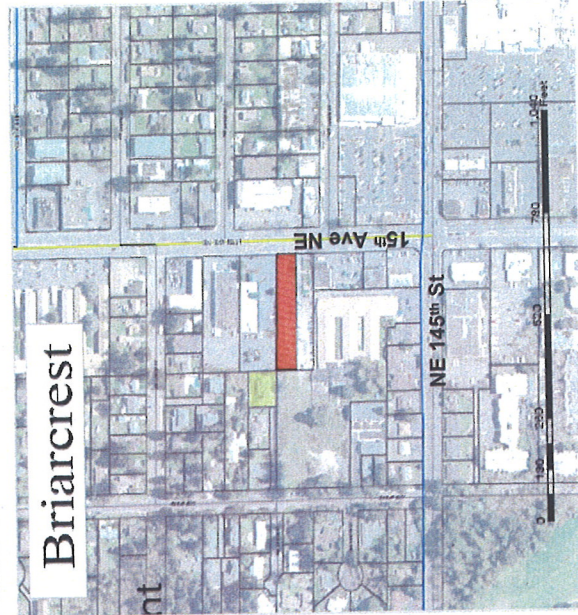
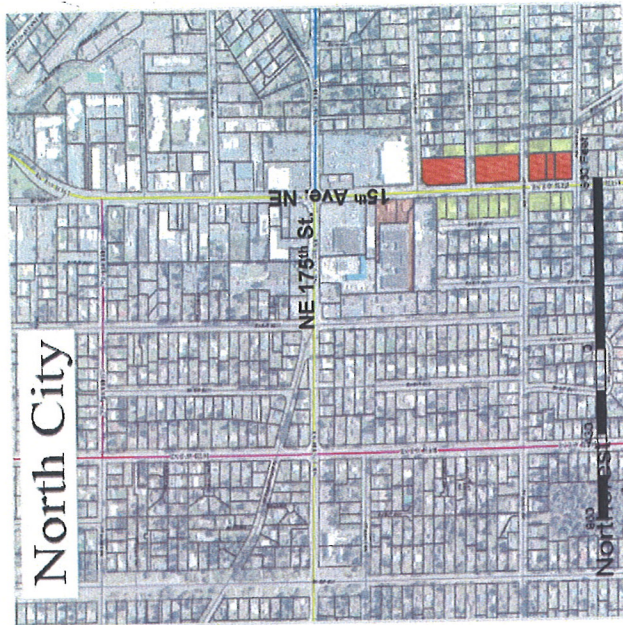
#### **REPORTS OF COMMITTEES AND COMMISSIONERS**

Chair Piro announced that Mr. Tovar, the City's Planning Director, is showcased in the April Edition of Planning Magazine. He will receive a national award at the American Planning Association Conference

# City-Wide Maps of Parcels Affected by Transition Areas in Red



# City-Wide Maps of Parcels Affected by Transition Areas in Red

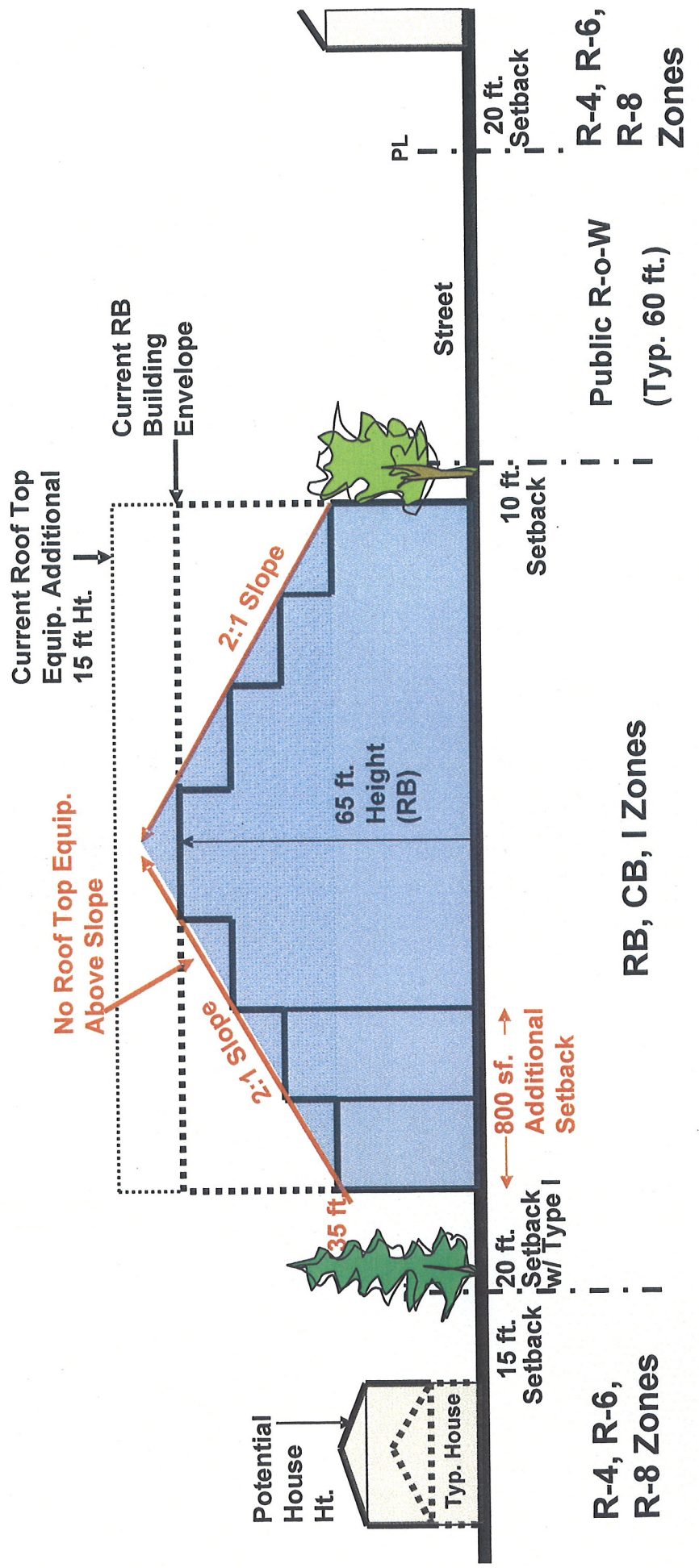


← NORTH



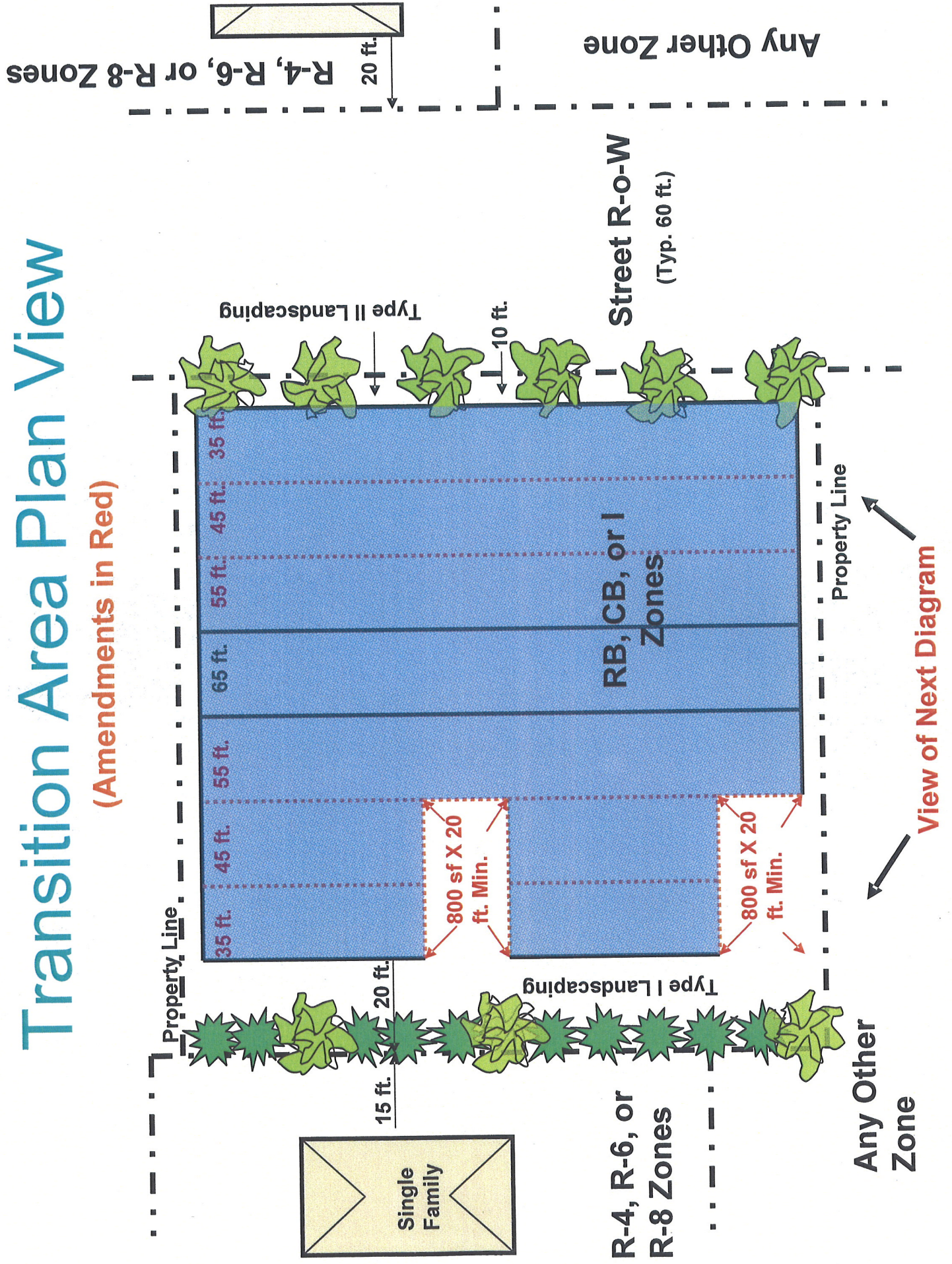
# Transition Area Cross-Section

(Amendments in Red)



# Transition Area Plan View

(Amendments in Red)



RECEIVED

*Susan T. Melville*  
15305 Stone Ave. North  
Shoreline, WA 98133-2661  
(206) 365-3061  
s.melville1@comcast.net

JAN 22 2008  
City Manager's Office

January 17, 2008

City Council  
City of Shoreline  
17544 Midvale Ave. N.  
Shoreline, WA 98133

Re: John B. Sullivan, CFO, Steve Smith Development LLC  
12/17/2007 letter to Mayor and City Council of Shoreline

To Shoreline City Council Members:

Following are comments about Mr. Sullivan's letter. While I realize the moratorium is still in effect, I request the Council consider this input in future deliberations about plans for this property.

[The moratorium] affects the whole parcel if the property line lies within 100 feet of any other low density . . . zoned property . . . . As identified in the attached list . . . this represents a total assessed property valuation of \$331,563,800 . . . annual property tax revenues of \$4,372,300 . . . 46% of the total.

I certainly can't identify all the property owners listed on the attachment, but the Safeway and Sears properties are listed. How many other properties not directly affected by this 6-month moratorium are included in the \$331M property valuation?

This project will be property tax exempt. Overland Trailer Court is currently valued (for tax purposes) at \$1.5M and owners paid \$20,003 in 2007 property tax: lost revenue to the City.

This project will compete directly with properties that do pay property taxes.

The Stone Court Apartments (R-18) directly to the east occupies .61 acres, is valued at \$1.7M and paid \$21,161 in 2007 property tax. It has 14 two bedroom/two bathroom units, 820ft<sup>2</sup>, which rent for \$850 - \$1000/month, including all utilities except garbage and offer tenants free off-street parking.

The Autumn Ridge (R-18) directly south of Overland occupies 6.65 acres, is valued at \$11.6M and paid \$143,851 in property tax in 2007. It has 84 one-bedroom units, 491 - 622ft<sup>2</sup>, which rent for \$650 - \$700. Autumn Ridge offers its tenants: Clubhouse, Racquetball Court, Residents' Lounge, Swimming Pool and free off-street parking.

Finally, because there is limited on-street parking (certainly more than at Overland) management representatives at SHAG New Haven advise visitors to park in lots belonging to the adjacent strip mall. At the public meeting neighbors were told construction equipment would be using the strip mall parking lot adjacent to Overland. How long will these tax-

Re: John B. Sullivan, CFO, Steve Smith Development LLC  
12/17/2007 letter to Mayor and City Council of Shoreline

paying businesses survive with their parking occupied first by construction equipment and later by visitors and service providers?

Why is (or did) the City even considering permitting this tax-exempt "intensive development" which will compete directly with tax-paying property and threaten area businesses?

[Each and every property owner] will find their personal finances adversely affected by finding fewer housing opportunities as well as fewer nearby job opportunities

This project is senior housing. Are there 240 Shoreline seniors unable to find "affordable" housing? Many if not most of the planned units at Overland are  $\pm 500$  ft<sup>2</sup> units renting for a minimum of \$688 (including utilities-*except electricity*) and tenants will be charged extra for off-street parking (\$40/month at New Haven); this exceeds market rate. If the property owner and developer are concerned about fewer housing opportunities in Shoreline, why aren't we considering low-income housing to replace the trailer court and its now displaced really low-income residents? What nearby job opportunities? Once the construction is complete, how will this facility provide living-wage jobs? What will adversely affect the personal finances of "each and every property owner" are widening and straightening N. 152nd and Ashworth, installing sidewalks and providing additional fire and emergency workers to serve this senior community.

By stepping down the allowed density as you travel from commercial toward the residential, a more natural and harmonious transition will insulate the single-family residents.

In the December 17 meeting Council members Ransom and Hansen, who have served on the Council since the City was formed, stated this was exactly the Council's original intent.

Furthermore, up-zoning areas adjacent to these long-standing commercial zones will have tangible benefits to existing residents such as the property owners adjacent to our property.

Having destroyed the character of our neighborhood with this "intensive development", Mr. Sullivan apparently wants to up zone our property somehow increasing its value: perhaps by tear down our houses so he can build even more "intensive developments"!

Redevelopment to higher and better uses is currently sorting out these prior planning lapses is illustrated in some of the accompanying photographs of current single family residences in the City of Shoreline

Attached is a copy of Mr. Sullivan's attachment #1. Is this really our vision of Shoreline?

In the specific case of the neighbors to Overland Trailer Park (sic), they have bought into (and in one case built upon) transitional property adjacent to long-standing commercial uses.

I don't know when the trailer court went in, however, each of my neighbors bought their home in a single-family residential neighborhood which (may or may not at the time of purchase) have included a very private lot containing one-story trailers sited among over 30 (now mature) trees. The use of the land for a six-story building - actually the building will be

Re: John B. Sullivan, CFO, Steve Smith Development LLC  
12/17/2007 letter to Mayor and City Council of Shoreline

80 feet tall, built property line to property line (with minimum setbacks per zoning laws), with 106 windows on the side facing north and a few 10-foot trees as a screen (per developer's drawings) is not the same thing! As to the reference to the newly built house (presumably the one shown in photograph #5 attached to Mr. Sullivan's letter), it is occupied by very nice people who own and operate a dry cleaning business near 145th. They work all the time and, while we have provided them information about this development, they have shown no interest one way or the other and we do not speak for them.

It is important for the city to timely reaffirm its commitments to... and the affordable housing needs of its senior population.

Based on information provided by the developer and information from other SHAG projects, this proposed "affordable housing" would be at or above the market price of rental housing in this area. The more one looks into the project, the more it appears to be a giant boondoggle, primarily benefiting its owners and not benefiting its residential or business neighbors, seniors or the City of Shoreline.

Sincerely,

  
Susan T. Melville

Attachment

cc: Joe Tovar, Director  
Shoreline Planning & Development Services

**Susan T. Melville**  
15305 Stone Ave. North  
Shoreline, WA 98133-2661  
(206) 365-3061  
[s.melville1@comcast.net](mailto:s.melville1@comcast.net)

---

February 19, 2008

Paul Cohen, Senior Planner, Current Planning  
Shoreline Planning and Development Services  
1110 N. 175th St., Suite 107  
Shoreline, WA 98133-4921

Re: Overland Trailer Court  
Transition Regulations to Replace Moratorium

Dear Mr. Cohen:

At city meetings we often hear that the zoning map was inherited from King County and that it is not in compliance with the Comprehensive Plan (Comp Plan). The Comp Plan was developed after Shoreline became a city twelve years ago and it continues to reflect the citizen's wishes and the growth and vision that go along with the Growth Management Act. Mayor Ransom and Councilman Hansen served continuously on the City Council since 1995 and reiterated at the December 19 meeting that the original intent of the Council was to provide transition between large-scale development and single family homes. Members of the Council supported this principal when they unanimously passed the moratorium. Statements of this vision are contained in the Comprehensive Plan (emphasis added):

**Housing Element - Goals & Policies**

**Goal H III:** Maintain and enhance single-family and multi-family residential neighborhoods, so that they provide attractive living environments, *with new development that is compatible in quality, design and scale within neighborhoods and that provides effective transitions between different uses and scales.*

**Housing Policies**

**H5:** *Require new residential development to meet or make provisions for the minimum density as allowed in each zone.* **H6:** *Encourage infill development on vacant or underutilized sites to be compatible with existing housing types.*

**Maintain and Enhance Neighborhood Quality**

**H22:** Initiate and encourage community involvement to foster a positive civic and neighborhood image.

**H23:** *Maintain the current ratio of owners and renters.*

**H28:** *Assure that site and building regulations and design guidelines create effective transitions between substantially different land uses and densities.*

In preparing transitional regulations to replace the moratorium I ask that you remember, first, the Overland Trailer Court property is zoned CB in the Comp Plan and, second, that you respect the stated vision for Shoreline. A five or six story building, even if it has 10-foot set backs on the upper floor(s) does not meet the standard of "transition" between large scale development and single family homes intended by the Comp Plan; a 20-foot rear setback and 10-foot side setbacks,

even if the developer agrees to put in a few 10 foot trees as a screen, does not create an effective transition between substantially different land uses and densities as described in the Comp Plan. While the action of the Planning Commission at its January 17 meeting no doubt met the letter of the law, it did not meet the spirit of the Comp Plan. Changing requirements of Community Business zoning to equal those of Regional Business zoning bypasses the rezoning process. Shoreline residents invested in this City. This action in the Towncenter Subarea denied them what the Comp Plan promised: community involvement in decisions concerning their neighborhoods.

Shoreline residents deserve to be able to trust city officials to represent them and support the "vision" of Shoreline that was implied by the Comp Plan when they purchased their property. Shoreline residents do not deserve to wake up one morning and find "intensive development" in their backyard.

Sincerely,



Susan T. Melville

cc: Planning Commission  
Shoreline City Hall  
17544 Midvale Avenue North  
Shoreline, WA 98133-4921

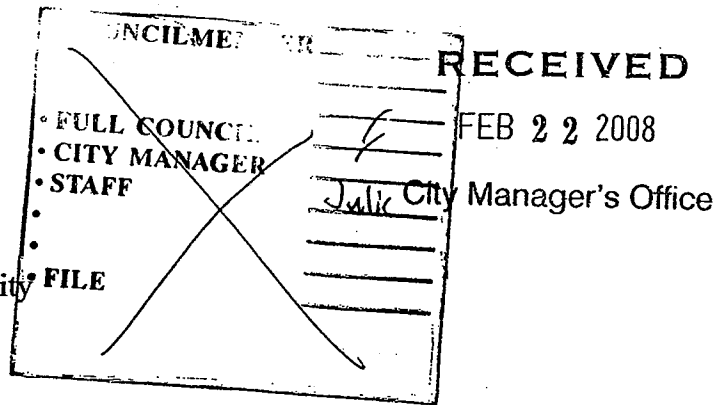
Ms. Cindy Ryu, Mayor  
Shoreline City Hall  
17544 Midvale Avenue North  
Shoreline, WA 98133-4921

Joseph W. Tovar  
Director, Shoreline Planning and Development  
Services  
1110 N. 175th St., Suite 107  
Shoreline, WA 98133-4921

12750 39<sup>th</sup> Ave. NE  
Seattle, WA 98125  
February 20, 2008

Cindy Ryu,  
Mayor of Shoreline City

Dear Mayor Ryu:



This is the official notice that Overland Trailer Park, 1210 N. 152<sup>nd</sup> St, Shoreline, WA 98133, closed February 2, 2008 as the last tenant vacated. Notification has been given by the relocation agent, Kerry Lynch with API, to the buyers of the property. Ms. Lynch filed reports to the County and State re: the closure. I know of no closure statement requirement for Shoreline. Let this serve as that notice.

However, we have serious problems with the redevelopment.

The city council put a moratorium on construction in 2007 just as the buyers went to apply for permits to build senior affordable housing, with no notification to those of us who would be so adversely affected.

We were out of the state and had to hire a lawyer to represent us at the council meeting. See letter dated December 16, 2007 to the Council members.

Now we have a vacant property with problems of individuals attempting to occupy the apartment building, people dumping garbage on the property and general nuisance activities. I had to engage a security person to occupy one unit to oversee the premises. We have no income yet expenses continue to go on. In April a large property tax will be charged against us. We have other expenses for liability and fire insurance. Electricity, water, garbage, sewer must be maintained for the security person on the premises.

Mayor Ryu, I spent 30 years taking care of low-income people and paid taxes based on the zoning at 1210 N. 152<sup>nd</sup>. Jack helped start the Paramedic program and trained those individuals. I taught English at Shoreline Community College. We have been responsible and useful people in this community. I needed to sell the property and affordable senior housing seemed a perfect fit for the area. Most recently I spent a year helping to relocate each person, a process both demanding and costly. I am pleased with the results. Now we need to move quickly ahead with the project for affordable senior housing.

You must be aware of the difficulty the buyers and we are in. The buyers refuse to close until they get some resolution. And I am forced to continue in limbo which is not acceptable.

I am appealing to your good sense and judgment to assist in ending the moratorium and allowing the project to proceed; it fits the guidelines Shoreline has established for density and affordable housing. The property is located in an urban corridor with business all around. Decisions should not impact the value of our property adversely. We need your help. Thank you.

*Madine Murray, member  
Overland Trailer Park LLC*

RECEIVED

March 10, 2008

MAR 19 2008

Shoreline City Council City Manager's Office

Re: Overland Trailer park

My name is Lila Amidon, and I live at 15309 Stone Ave. North. This is a single-family residence and it shares a property line with the Overland Trailer Court property.

I would like to express some of my concerns with the proposed development.

First, I am concerned with the trees that are on my side of the property line. These trees have existed for over 50 years and provide a nice buffer (green belt) between my property and the trailer court property. My concern is that these trees may be damaged due to the excavation of the existing utilities, and the construction of the proposed 8-foot fence. I insist that great care be taken when removing the old utility lines so that any damage to the root structure of these trees can be avoided. In addition I do not give my consent (implied or written) to trim any part of these existing trees, except those parts of the existing trees that extend over the property line, and, that may impede the construction of a new fence.

I am also concerned with drainage. Please require that the contractor follow all city ordinances and completely prevent any drainage from the trailer court property and its structures, on to my property.

My final concern is parking within the proposed 20-foot setback between my property line and the proposed structure. If parking is to be established in this area, please see to it that the contractor provides for proper vehicle placement and appropriate wheel blocks that would prevent a vehicle from hitting or driving through the fence. I am also concerned about any oil pollution that may leak from these vehicles. Please see to it that the contractor takes special precautions to prevent any oil pollution leaking from any parked vehicles from draining onto my property or into the soil adjoining my property.

Thank you for your consideration.



Lila Amidon  
15309 Stone Ave North  
Shoreline WA 98133  
206-362-5703



## Shoreline Planning Commission

March 13, 2008

Written Comment

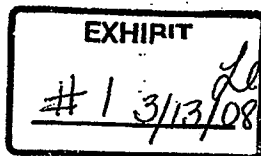
- [1] I agree with Ms. Melville's statement regarding public notification of meetings dealing with proposed development in the city.
- (\*) Developers should not be in charge of public meeting notification.
- [2] I support points 4 & 5 of Commissioner Pyle's email dated March 13. Please give serious consideration to these points.
- [3] I oppose Commissioner Wagner's suggestion that height restrictions be waived if developers meet design incentives (ie clock tower). This suggestion negates the 2:1 slope recommended by Paul Cohen. Current height requirements of 35, 60 and 65 feet ~~are~~ should be enforced as legislated.
- (\*) Changes to current zoning height requirements should not be considered without significant input from city residents.

Please leave this form with the clerk at the end of the meeting.

This is a public record

Shoreline Planning Commission  
Written Comment Form

Respectfully submitted,  
Doug Reid  
Shoreline Resident



# Transition Comments/Recommendations;

1. In order to truly meet the objective of transition between R4,6,8 developed neighborhoods and higher density such as R48 and beyond we believe that at a minimum a typical block width or property depth be provided at an intermediate zoning category such as R12 to R 24. The concept of allowing these Multi-story developments on lots smaller than 2 acres is NOT what has been envisioned in Shoreline, neither by the Planning Commission nor by the Comprehensive Plan. Our No.1 suggestion is to limit development on acreage less than 2 acres or 200' depth, to no more intense than R24, with building height not to exceed 35'.

2. If the above suggestion is not deemed appropriate, then in order to reduce the visual bulk of building adjacent to single family, require a 2:1 building envelope beginning at ground level at the property line is proposed.

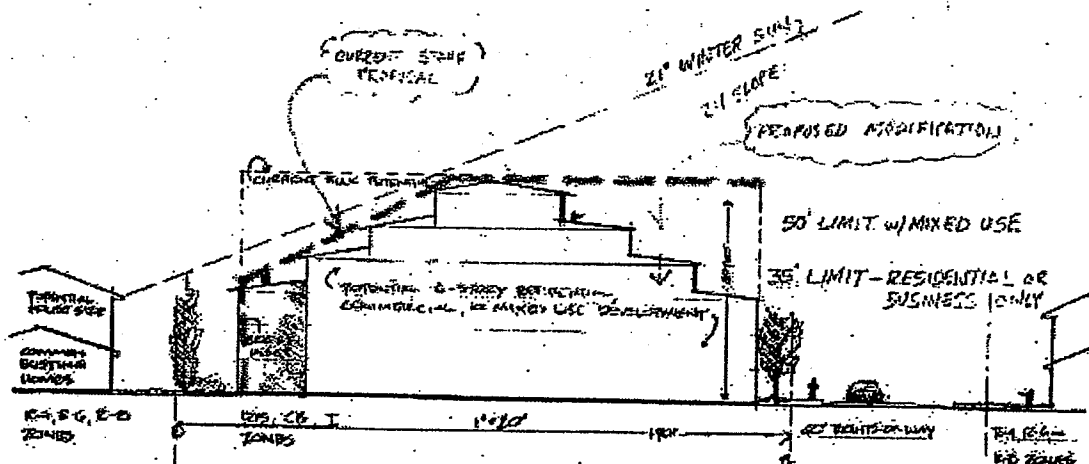
This would allow little obstruction of the typical winter sun angle for preventing loss of solar access.

Although this is more restrictive than the 35' currently allowed on the single family side, the single family lots would typically be covered at less than 35% lot coverage, whereas the commercial sites could be near to 100% creating a virtually continuous wall of building, offering no break for light or visual.

The other affect this modification achieves is to move the primary bulk of taller buildings farther back from the single family side. (Keep in mind we are trying to create a truly intermediate zoning category, to comply with the Complan, where a separate lot for that purpose may not be available.).

## PROPOSED MODIFICATION TO TRANSITION AREA CROSS SECTION

Item 8.a - Attachment D



3. Provide protection in the Code so that Type 1 Landscaping cannot be deleted by Utility easements, or requests from Fire Dept, etc for more access space. Addressing this up

front by identifying the specific issue in the Code would hopefully allow developers to incorporate any additional setbacks needed to accommodate the landscaping and minimize the chance that a last minute changes requested by fire or other Utilities will not delete the required landscaping.

4. Allow 10' height incentive above the 2:1 line if a "growing green" surface is presented to the single family side, planters, landscaping etc. that essentially presents a softened, vegetative appearance. The specific "green roof, green wall" design would require design review and neighborhood approval.

5. I suggest that on RB, CB zoned properties that are less than 100' deep that height limit of 35' be imposed, no exceptions.

6. Height limit of 50' maximum for RB zoned "Transition" properties only if mixed use is incorporated, and this will be the absolute limit, no additional mechanical rooms above that height....in other words when we say 50' we mean 50'.

7. Consider as an alternative to the 2:1 assigning the first 100' of lot depth adjacent to single family to be developed as a maximum equivalent of R24 density, and following the 35' height limits.

#### Issues:

When Shoreline Incorporated as a City, the Zones that are currently identified RB had a 35' height limit and R36 maximum density.

The additional height and Unlimited Density currently identified in our Code has aggravated the need for transition. The City created the problem, now it is time for the City to fix the problem so single family homeowners do not suffer a "taking" of property rights and values.

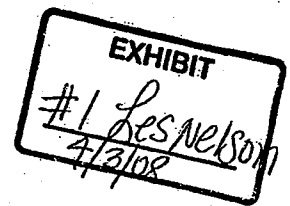
The approved 2005 Comprehensive Plan is quite clear that R48 is the maximum residential density allowed, and any other interpretation requires an assumption that the current Code amendments that exist were done by a Comprehensive Plan amendment process.

Approval at any point of Unlimited Density projects is open to being appealed through the GMA Hearings board. Lets not allow the standard set in Ballard.....





**Moratorium and Transition Amendments**  
**Current Outstanding Issues/Background;**



**The current Moratorium was initially created in October 2007 to protect single family neighborhoods from overly intense development.**

Why? Proposed massive development adjacent to single family neighborhoods brought to light the need for immediate modifications to our Code, long noted and overdue.

Ordinance 484 was initially adopted October 2007 and revised on Dec 17, 2007 as Ordinance 488 which slightly relaxed the effect of the Moratorium (to allow buildings no higher than 40' sighted from the single family property line)

**What is currently being devised:**

City Staff were directed to work on Code Improvements that would effectively replace the protection currently provided by the Moratorium, (due to expire April 29 unless extended) Terming this as "Transition Amendments" and as a "temporary patch" it should address all issues covered by the moratorium. In fact it would be reasonable to start off being more protective in nature until final Code Amendments are drafted. Rather it leaves several issues not addressed AND deletes about 75% of the single family properties that are currently being protected by the Moratorium.

**What is NOT being addressed:**

Determination of which single family properties would be physically affected by loss of view, solar loss, and decreased property values as mentioned in the Moratorium language by construction of these massive developments.

Only the affect of a single development is being focused on.

Overall building height of 80' is still allowed (from 100' away it still looks bad)

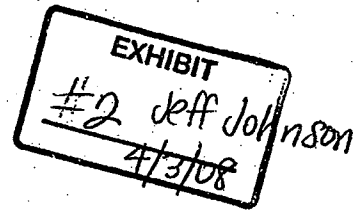
Density is not being limited so that equivalent R zones as high as R240 can occur.

Parking deviations from what has historically been enforced in our Code are being allowed as a "developer incentive" better known as "parking in your neighborhoods"

Traffic Impacts to neighborhoods from Intense density development not addressed

And, as previously mentioned the number of properties protected by the Moratorium has been redefined so that only a small percentage of single family areas would be provided protection.

*Les Nelson*



## Shoreline Planning Commission

April 3, 2008

Written Comment

R4/R6 neighborhoods are under attack. Title 20.50.020(2) allows I zoning (apartments) to have a side or rear yard setback to R-4/R-6 zones of 20'. At that point their respective maximum heights match. But at 10 foot increments, the I zone maximum height stair steps to 50' then 65' respectively. I suggest that a height buffer of at least one property parcel of 35 foot maximum height NB/D or high density R multi-family be required between the I zone and R-4/R-6 zones.

Jeffrey A. Johnson

Jeffrey A. Johnson

2009 NW 201<sup>st</sup> Street

Shoreline WA 98177

Please leave this form with the clerk at the end of the meeting.

**This is a public record**

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

|                      |                                                                               |
|----------------------|-------------------------------------------------------------------------------|
| <b>AGENDA TITLE:</b> | Proposed 2008-09 Council Goals and Public Input Process                       |
| <b>DEPARTMENT:</b>   | City Council                                                                  |
| <b>PRESENTED BY:</b> | Robert L. Olander, City Manager<br>Julie Modrzejewski, Assistant City Manager |

**PROBLEM/ISSUE STATEMENT:**

At the City Council's April 25-26, 2008 goal setting retreat the Council spent two days with staff reviewing the 2007-08 goals update, emerging issues, and various policy issues. In addition, the Council discussed potential goals for 2008-09. The Council agreed to continue the majority of goals on the current list, with some editing/"tweaking" of the language, and added two new goals. Likewise, the Council directed staff to conduct a public process seeking feedback on the proposed goals prior to formal adoption.

This agenda item is intended to have Council review the proposed goals, which staff has assisted in clarifying (attachment A) Likewise, staff seeks Council's direction on the proposed public input process (attachment B).

In order to inform the 2009 budget process, the Council sponsored public input process would need to occur in early/mid June. The following is a timeline that outlines the dates for the public sessions as well as important milestones.

**Proposed Timeline**

|                       |                                                                                                                     |
|-----------------------|---------------------------------------------------------------------------------------------------------------------|
| May 19                | Council discusses proposed goals and public input process                                                           |
| Week of June 2, 9, 16 | Council invitation is sent to City's mailing lists, information added to the website, cable channel, and CM Reports |
| May 30                | Announced in the "It's Happening" ad in <i>The Enterprise</i>                                                       |
| June 6                | Special ad in <i>The Enterprise</i>                                                                                 |
| June 4                | Announcement at Council of Neighborhoods Meeting                                                                    |
| <b>June 11</b>        | <b>Council's 1st Community Workshop</b> (Shoreline Fire Station)                                                    |
| <b>June 18</b>        | <b>Council's 2nd Community Workshop</b> (Shoreline Center, Spartan Rm)                                              |
| June 23               | Council discusses the outcome of the public process and provides staff with direction on the 2008-09 goals          |
| July 14               | Council formally adopts the 2008-09 goals                                                                           |

The community workshops will be advertised a number of ways:

- A) Story in *Currents* (due to the deadline of *Currents*, staff will only be able to advertise the June 18 Community Workshop)

- B) Press release to the media and local groups, e.g., Fire Department, Chamber, School District, neighborhood groups, etc.
- C) Advertisements in *The Enterprise*,
- D) Information posted on Channel 21, City's website, email subscription lists, City Manager's Report, and "It's Happening" flyer
- E) Flyers posted at public facilities throughout the city
- F) Postcard invitations sent to the City's boards, commissions, and advisory committees, as well as to various community and business groups

Attachment B is a draft agenda which includes a purpose statement and a definition of the Council's role.

### **RECOMMENDATION**

Staff recommends that the City Council review the proposed 2008-09 goals, community workshop agenda, and timeline and provide staff with direction. Staff requests that Council consider the following questions:

- Did staff clarify the Council's proposed goals to your satisfaction?
- Is the Council comfortable with the proposed process and timeline?
- Does the Council agree with the proposed outreach methods?

Approved By:      City Manager  City Attorney \_\_\_\_

### **ATTACHMENTS**

- A.      City Council PROPOSED 2008-09 Goals
- B.      Community Workshop PROPOSED Agenda



**City Council  
PROPOSED  
2008-09 GOALS**

- A. Complete the projects approved with the 2006 Parks Bond
- Complete Hamlin Park Improvements
  - Complete Cromwell Park Improvements
  - Complete Richmond Beach Saltwater Park Improvements
  - Design and initiate trail corridor improvements
- B. Implement the Economic Development Strategic Plan
- Develop a comprehensive small business assistance program
  - Develop a “Transit-oriented Development” plan for the Aurora Park and Ride Lot at N. 192<sup>nd</sup> Street
  - Develop a Green Business Certification process
- C. Construct the Civic Center/City Hall Project
- Complete project design and financing
  - Complete city hall, parking structure and site improvements
- D. Construct the Aurora Improvements from 165<sup>th</sup> to 205<sup>th</sup> Streets
- Complete project design for 165<sup>th</sup> to 185<sup>th</sup>
  - Award bid for 165<sup>th</sup> to 185<sup>th</sup>
  - Complete 30% design for 185<sup>th</sup> to 205<sup>th</sup>
  - Complete funding for final mile
- E. Develop a shared community vision that integrates the Environmental Sustainability, Housing and Economic Development Strategies into the Comprehensive Plan and community development initiatives
- Conduct vision workshops
  - Adopt new Framework Policies
  - Complete Southeast Area Neighborhoods Plan
  - Complete Town Center Plan
  - Adopt new residential density and incentive regulations for RB zones

- F. Create an “environmentally sustainable community”
- Complete the Forest Management Plan
  - Update Stormwater Manual and Low Impact Development Standards
  - Develop a comprehensive environmental purchasing policy
  - Adopt indicators and baselines to measure progress
  - Create a “Green Team” staff structure
- G. Develop a Fircrest Master Plan in partnership with the State
- Develop agreement with State
  - Develop draft master plan with community and stakeholder participation
  - Review and adopt final plan
- H. Provide enhanced opportunities for effective citizen communication and engagement
- Conduct City Council sponsored Town Hall Meetings
  - Upgrade and redesign the City’s website
  - Expand volunteer opportunities such as Adopt-A-Road/Park/Trail and “Ivy-Out” programs
- I. Provide safe and efficient transportation systems to support land use plans including walking, bicycling, transit and vehicular options
- Develop citywide trail connection plan
  - Expand local transit service
  - Update the Transportation Master Plan
  - Implement a Green Street Demonstration Project
- J. Develop a strategy to ensure the community’s access to needed human services
- Update the Human Services Plan and Desired Outcomes
  - Update the Youth Policy Plan
  - Work to increase and retain affordable housing units
  - Sponsor a cultural diversity event



## Attachment B

### **PROPOSED** **Shoreline City Council** **Community Workshop Agenda**

**Wednesday, June 11, 2008**

**6:30-9:00 pm**

**Shoreline Fire Station**

**\***

**Wednesday, June 18, 2008**

**6:30-9:00 pm**

**Shoreline Center, Spartan Room**

#### ***Purpose***

*Annually the City Council conducts a retreat to determine their goals for the next budget cycle. Prior to formally adopting their goals, the City Council would like the community's input on the PROPOSED 2008-09 goals. Feedback will be used by the City Council to assist in facilitating their decision.*

#### ***Role of Council***

*The Council would like open and honest feedback and to ensure this, the Council's role will be as observer.*

**6:30-6:50 pm**

#### ***Meet and Greet***

- Register for workshop, review handouts, enjoy coffee and cookies

**6:50-7:00 pm**

#### ***Welcome and Introductions***

**7:00-8:15 pm**

#### ***Small Group Exercise***

- Participants breakout into small groups; rotate through each goal station; provide input and/or new ideas or questions
  - Participants will be asked: "When the Council reviews and considers these goals for adoption, what important factors should they take into account?"

**8:25-8:55 pm**

#### ***Report Out Results***

**8:55-9:00 pm**

#### ***Wrap-up and Next Steps***

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## CITY COUNCIL AGENDA ITEM

### CITY OF SHORELINE, WASHINGTON

|                                                           |
|-----------------------------------------------------------|
| <b>AGENDA TITLE:</b> 2007 Fourth Quarter Financial Report |
| <b>DEPARTMENT:</b> Finance                                |
| <b>PRESENTED BY:</b> Debbie Tarry, Finance Director       |

#### PROBLEM/ISSUE STATEMENT:

Attached is the 2007 fourth quarter financial report. This report summarizes the financial activities during 2007 for all City funds. It is provided to keep the Council informed of the financial issues and the financial position of the City. The Executive Summary section of the report provides a high level overview. More detailed information on specific revenue and expenditures is provided following the Executive Summary.

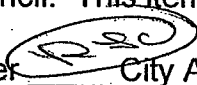
Page 27 of the fourth quarter financial report contains information on the City's investment portfolio. The City's investment portfolio is considered very safe, but given all the recent information on the crisis in the housing and financial markets, Council may find it beneficial to review this section.

#### FINANCIAL IMPACT:

The table on page 2 provides a summary of the financial results for all City funds for 2007.

#### RECOMMENDATION

No action is required by the Council. This item is provided for informational purposes.

Approved By: City Manager  City Attorney \_\_\_\_\_

#### ATTACHMENTS

Attachment A – 2007 Fourth Quarter Financial Report

| Revenues                          |              |                |              |                |                                            |            | Expenditures  |                |              |                |                                           |            |
|-----------------------------------|--------------|----------------|--------------|----------------|--------------------------------------------|------------|---------------|----------------|--------------|----------------|-------------------------------------------|------------|
| Fund                              | 2007 Budget  | 2007 Projected | 2007 Actuals | 2007 Carryover | Variance Actuals + Carryovers v. Projected | % Variance | 2007 Budget   | 2007 Projected | 2007 Actuals | 2007 Carryover | Variance Actuals + Carryover v. Projected | % Variance |
| General Fund                      | \$34,238,843 | \$29,001,142   | \$29,683,174 | \$93,077       | \$775,110                                  | 2.67%      | \$34,542,541  | \$33,837,486   | \$32,961,412 | \$373,096      | -\$502,978                                | -1.49%     |
| Streets                           | \$2,595,379  | \$2,330,173    | \$2,367,674  | \$0            | \$37,501                                   | 1.61%      | \$2,595,379   | \$2,532,552    | \$2,240,063  | \$224,258      | -\$68,231                                 | -2.69%     |
| SWM Utility Fund                  | \$6,817,785  | \$3,733,008    | \$3,775,061  | \$75,000       | \$117,053                                  | 3.14%      | \$6,817,785   | \$4,500,270    | \$2,888,322  | \$1,270,830    | -\$341,118                                | -7.58%     |
| General Capital                   | \$26,341,796 | \$5,079,056    | \$5,588,458  | \$307,012      | \$816,414                                  | 16.07%     | \$35,474,846  | \$13,883,857   | \$12,184,532 | \$1,916,166    | \$216,841                                 | 1.56%      |
| Roads Capital                     | \$13,066,740 | \$9,238,305    | \$8,365,226  | \$456,683      | -\$416,396                                 | -4.51%     | \$16,358,554  | \$14,308,485   | \$11,245,004 | \$2,429,442    | -\$634,039                                | -4.43%     |
| General Reserve Fund              | \$58,546     | \$92,500       | \$136,000    | \$0            | \$43,500                                   | 47.03%     | \$2,274,862   | \$2,274,862    | \$2,410,860  | \$0            | \$135,998                                 | 0.00%      |
| Code Abatement Fund               | \$100,000    | \$15,057       | \$16,325     | \$0            | \$1,268                                    | 8.42%      | \$100,000     | \$15,000       | \$1,688      | \$0            | -\$13,312                                 | -88.75%    |
| Asset Seizure Fund                | \$23,500     | \$35,000       | \$20,226     | \$0            | -\$14,774                                  | -42.21%    | \$23,500      | \$12,779       | \$13,567     | \$0            | \$788                                     | 6.17%      |
| Revenue Stabilization Fund        | \$5,987,115  | \$3,878,753    | \$6,123,113  | \$0            | \$2,244,360                                | 57.86%     | \$0           | \$0            | \$0          | \$0            | \$0                                       | 0.00%      |
| Unltd Tax GO Bond Fund            | \$1,800,000  | \$1,800,298    | \$1,768,906  | \$0            | -\$31,392                                  | 100.00%    | \$1,636,228   | \$1,635,928    | \$1,635,928  | \$0            | \$0                                       | 0.00%      |
| Public Arts Fund                  | \$0          | \$30,385       | \$47,115     | \$0            | \$16,730                                   | 55.06%     | \$84,000      | \$30,385       | \$35,184     | \$0            | \$4,799                                   | 0.00%      |
| Vehicle Operations Fund           | \$139,988    | \$147,561      | \$148,100    | \$0            | \$539                                      | 0.37%      | \$139,988     | \$139,988      | \$130,487    | \$0            | -\$9,501                                  | -6.79%     |
| Facility - Major Maintenance Fund | \$110,000    | \$110,000      | \$62,266     | \$0            | -\$47,734                                  | -43.39%    | \$110,000     | \$110,000      | \$47,813     | \$0            | -\$62,187                                 | -56.53%    |
| Equipment Replacement Fund        | \$416,315    | \$330,506      | \$370,727    | \$0            | \$40,221                                   | 12.17%     | \$200,746     | \$129,656      | \$198,909    | \$75,000       | \$144,253                                 | 111.26%    |
| Unemployment                      | \$10,500     | \$12,150       | \$14,357     | \$0            | \$2,207                                    | 18.16%     | \$10,000      | \$10,000       | \$5,708      | \$0            | -\$4,292                                  | -42.92%    |
| Totals                            | \$91,706,507 | \$55,833,894   | \$58,486,728 | \$931,772      | \$3,584,607                                | 6.42%      | \$100,368,429 | \$73,421,248   | \$65,999,477 | \$6,288,792    | -\$1,132,979                              | -1.54%     |



# **2007 Year End Financial Report**

Prepared by the Finance Department

*For*

*Fiscal Year January 1, 2007 – December 31, 2007*

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## **EXECUTIVE SUMMARY**

### **General Fund**

2007 General Fund revenue including carryovers totaled \$29,776,251 which was greater than 2007 projected revenue of \$29,001,142 by \$775,110 or 2.67%. This is an increase of 7.26% over total 2006 revenues of \$27,759,897 which is primarily the result of increased revenues from sales tax, utility tax and franchise fees, permit revenue, investment interest grants and recreation fees. The 2007 variance in actual revenue collections can primarily be attributed to better than expected revenue from sales tax (\$385,051), utility tax and franchise fees (\$158,207) and investment interest (\$195,440).

The 2007 actual expenditures were \$32,961,412 and the 2007 carryovers were \$373,096 for a total 2007 expenditure of \$33,334,508. This is \$502,978 or 1.49% below projected expenditures of \$33,837,486.

The net result of revenues exceeding projections by \$775,110 and expenditures being \$502,978 below projections is increasing the fund balance by \$1,278,080.

In 2007 staff had projected a 2007 budget savings of at least \$545,000. These monies were transferred to the City Hall project in 2007. The final 2007 savings were \$1.278 million greater than the original projection. In March 2008 the City Council authorized \$446,265 of these savings for the City Hall project, leaving \$831,815 of net savings unallocated. At this time staff is recommended that the remaining savings be allocated as follows:

- City Hall Project Utility Hookups - \$81,000. To used to allocate towards the expected \$170,000 cost for utility hook-ups related to the new building. The remaining \$89,000 will come from reductions to operating budget costs in 2008 (\$39,000) and \$50,000 from real estate excise tax.
- City Hall Project - \$500,000. To be used to either reduce the amount of debt issued for the project or to cover costs in areas such as audio visual equipment, generator, furniture and fixtures, or unanticipated contingency funds.
- Telephone System Acquisition - \$250,000. On April 14, 2008, Council authorized the City Manager to sign a contract with All Phase Communications, Inc. for the implementation of a new telephone system.

### **Street Fund**

Actual revenues for 2007 were \$2,367,674, just \$37,501 or 1.61% above projected revenue. Right-of-way fee revenue was above projections by \$35,615 or 29.8% due to increased activity. Investment interest was above projections by \$21,332 or 57.4%. Fuel tax collections were below projections by \$17,674 or 2.4%.

The 2007 actual expenditures were \$2,240,063 and the 2007 carryovers were \$224,258 for a total 2007 expenditure of \$2,464,321. This is \$68,231 or 2.69% below projected expenditures of \$2,532,552.

The resulting 2007 ending fund balance is \$984,322.

### **Surface Water Utility Fund**

The 2007 actual revenues were \$3,775,061 and the 2007 carryovers were \$75,000 for total 2007 revenue of \$3,850,061. This was \$117,053 or 3.14% more than projected revenue of \$3,733,008. Surface Water Utility Revenue was primarily affected by the following: Specifics of the Surface Water Utility Revenue are as follows:

- Investment interest was \$251,107 or 67.4% above projected revenue of \$372,500.
- The City received \$117,876 from King County for Hidden Lake mitigation.
- Grant revenue of \$75,000 carried over into 2008.
- Storm drainage fees were \$36,295 or 1.24% less than projected.
- The primary difference between actual and projected revenues is that the amount of Public Works Trust Fund Loan (PWTFL) used was \$290,635 less than anticipated. This PWTFL is for the Ronald Bog Drainage Improvements.

The 2007 actual expenditures were \$2,888,322 and the 2007 carryovers were \$1,270,830 for a total 2007 expenditure of \$4,159,152. This is \$341,118 or 7.58% below projected expenditures of \$4,500,270. Broken out between operating and capital, the expenditures were as follows:

- Operating expenditures were \$98,234 or 5.32% under projections of \$1,848,178
- Capital expenditures were \$242,884 or 10.99% under projections of \$2,210,255.

The 2007 ending fund balance is \$6,308,410. This includes all revenue and expenditure activity and the requested carryovers.

### **Capital Improvement Funds**

#### **General Capital**

Actual revenues for 2007 were \$5,588,458 and 2007 carryovers were \$307,012 for total revenue of \$5,895,470. This is \$816,414 or 16.07% above projected revenues of \$5,079,056. The primary reason for the better than expected revenue is \$719,498 in unanticipated revenue from investment interest. Investment interest was primarily higher than projected because of major land purchases funded by the 2006 bond proceeds occurring later than originally projected. Real Estate Excise Tax (REET) collections were \$148,708 or 17.05% above projections.

The 2007 actual expenditures were \$12,184,532 and the 2007 carryovers were \$1,916,166 for a total 2007 expenditure of \$14,100,698. This is only \$216,841 or 1.56% over projected expenditures of \$13,883,857.

The resulting 2007 ending fund balance is \$15,611,586.

## **Roads Capital**

Actual revenues for 2007 were \$8,365,226 and the 2007 carryover were \$456,683 for total revenue of \$8,821,909. This is \$416,396 or 4.51% below projected revenues of \$9,238,305. Revenues were less than expected due to project timing delays for grants, lower than expected investment interest (\$263,098 or 49.2%) and lower than expected fuel tax revenue (\$64,554). On the positive side REET revenue was \$148,708 or 16.2% better than projected.

The 2007 actual expenditures were \$11,245,004 and the 2007 carryovers were \$2,429,442 for a total 2007 expenditure of \$13,674,446. This is \$634,039 or 4.43% below projected expenditures of \$14,308,485.

The resulting 2007 ending fund balance is \$5,844,344.

## All Funds Summary

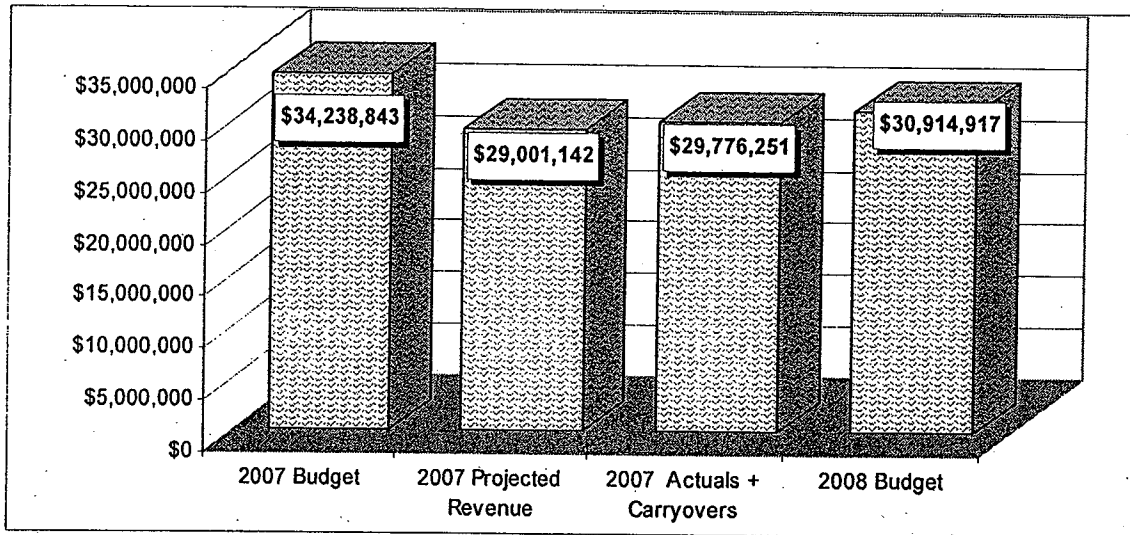
The following table provides a summary of the financial results for all City funds for 2007 and includes the 2007 carryover. The second chart shows the estimated ending fund balances or 2007:

| Fund                              | Revenues     |                |              |                |                                            |            | Expenditures  |                |              |                |                                           |            |
|-----------------------------------|--------------|----------------|--------------|----------------|--------------------------------------------|------------|---------------|----------------|--------------|----------------|-------------------------------------------|------------|
|                                   | 2007 Budget  | 2007 Projected | 2007 Actuals | 2007 Carryover | Variance Actuals + Carryovers v. Projected | % Variance | 2007 Budget   | 2007 Projected | 2007 Actuals | 2007 Carryover | Variance Actuals + Carryover v. Projected | % Variance |
| General Fund                      | \$34,238,843 | \$29,001,142   | \$29,683,174 | \$93,077       | \$775,110                                  | 2.67%      | \$34,542,541  | \$33,837,486   | \$32,961,412 | \$373,096      | -\$502,978                                | -1.49%     |
| Streets                           | \$2,595,379  | \$2,330,173    | \$2,367,674  | \$0            | \$37,501                                   | 1.61%      | \$2,595,379   | \$2,532,552    | \$2,240,063  | \$224,258      | -\$68,231                                 | -2.69%     |
| SWM Utility Fund                  | \$6,817,785  | \$3,733,008    | \$3,775,061  | \$75,000       | \$117,053                                  | 3.14%      | \$6,817,785   | \$4,500,270    | \$2,888,322  | \$1,270,830    | -\$341,118                                | -7.58%     |
| General Capital                   | \$26,341,796 | \$5,079,056    | \$5,588,458  | \$307,012      | \$816,414                                  | 16.07%     | \$35,474,846  | \$13,883,857   | \$12,184,532 | \$1,916,166    | \$216,841                                 | 1.56%      |
| Roads Capital                     | \$13,066,740 | \$9,238,305    | \$8,365,226  | \$456,683      | -\$416,396                                 | -4.51%     | \$16,358,554  | \$14,308,485   | \$11,245,004 | \$2,429,442    | -\$634,039                                | -4.43%     |
| General Reserve Fund              | \$58,546     | \$92,500       | \$136,000    | \$0            | \$43,500                                   | 47.03%     | \$2,274,862   | \$2,274,862    | \$2,410,860  | \$0            | \$135,998                                 | 0.00%      |
| Code Abatement Fund               | \$100,000    | \$15,057       | \$16,325     | \$0            | \$1,268                                    | 8.42%      | \$100,000     | \$15,000       | \$1,688      | \$0            | -\$13,312                                 | -88.75%    |
| Asset Seizure Fund                | \$23,500     | \$35,000       | \$20,226     | \$0            | -\$14,774                                  | -42.21%    | \$23,500      | \$12,779       | \$13,567     | \$0            | \$788                                     | 6.17%      |
| Revenue Stabilization Fund        | \$5,987,115  | \$3,878,753    | \$6,123,113  | \$0            | \$2,244,360                                | 57.86%     | \$0           | \$0            | \$0          | \$0            | \$0                                       | 0.00%      |
| Unltd Tax GO Bond Fund            | \$1,800,000  | \$1,800,298    | \$1,768,906  | \$0            | -\$31,392                                  | 100.00%    | \$1,636,228   | \$1,635,928    | \$1,635,928  | \$0            | \$0                                       | 0.00%      |
| Public Arts Fund                  | \$0          | \$30,385       | \$47,115     | \$0            | \$16,730                                   | 55.06%     | \$84,000      | \$30,385       | \$35,184     | \$0            | \$4,799                                   | 0.00%      |
| Vehicle Operations Fund           | \$139,988    | \$147,561      | \$148,100    | \$0            | \$539                                      | 0.37%      | \$139,988     | \$139,988      | \$130,487    | \$0            | -\$9,501                                  | -6.79%     |
| Facility - Major Maintenance Fund | \$110,000    | \$110,000      | \$62,266     | \$0            | -\$47,734                                  | -43.39%    | \$110,000     | \$110,000      | \$47,813     | \$0            | -\$62,187                                 | -56.53%    |
| Equipment Replacement Fund        | \$416,315    | \$330,506      | \$370,727    | \$0            | \$40,221                                   | 12.17%     | \$200,746     | \$129,656      | \$198,909    | \$75,000       | \$144,253                                 | 111.26%    |
| Unemployment                      | \$10,500     | \$12,150       | \$14,357     | \$0            | \$2,207                                    | 18.16%     | \$10,000      | \$10,000       | \$5,708      | \$0            | -\$4,292                                  | -42.92%    |
| Totals                            | \$91,706,507 | \$55,833,894   | \$58,486,728 | \$931,772      | \$3,584,607                                | 6.42%      | \$100,368,429 | \$73,421,248   | \$65,999,477 | \$6,288,792    | -\$1,132,979                              | -1.54%     |

# Fund Balance Overview

| All City Funds                    | 2007 Beginning Fund Balance | 2007 Actual Revenue | 2007 Actual Expenditures | Ending Fund Balance | Net Carryovers | 2007 Projected Ending Fund Balance |
|-----------------------------------|-----------------------------|---------------------|--------------------------|---------------------|----------------|------------------------------------|
| General Fund                      | \$8,642,165                 | \$29,683,174        | \$32,961,412             | \$5,363,927         | -\$280,019     | \$5,083,908                        |
| Streets                           | \$1,080,969                 | \$2,367,674         | \$2,240,063              | \$1,208,580         | -\$224,258     | \$984,322                          |
| SWM Utility Fund                  | \$6,617,501                 | \$3,775,061         | \$2,888,322              | \$7,504,240         | -\$1,195,830   | \$6,308,410                        |
| General Capital                   | \$23,816,814                | \$5,588,458         | \$12,184,532             | \$17,220,740        | -\$1,609,154   | \$15,611,586                       |
| Roads Capital                     | \$10,696,881                | \$8,365,226         | \$11,245,004             | \$7,817,103         | -\$1,972,759   | \$5,844,344                        |
| General Reserve Fund              | \$2,274,861                 | \$136,000           | \$2,410,861              | \$0                 | \$0            | \$0                                |
| Code Abatement Fund               | \$151,199                   | \$16,325            | \$1,688                  | \$165,836           | \$0            | \$165,836                          |
| Asset Seizure Fund                | \$18,242                    | \$20,226            | \$13,567                 | \$24,901            | \$0            | \$24,901                           |
| Revenue Stabilization Fund        | \$0                         | \$6,123,113         | \$0                      | \$6,123,113         | \$0            | \$6,123,113                        |
| Unltd Tax GO Bond Fund            | \$10,000                    | \$1,768,906         | \$1,635,928              | \$142,978           | \$0            | \$142,978                          |
| Public Arts Fund                  | \$240,253                   | \$47,115            | \$35,184                 | \$252,184           | \$0            | \$252,184                          |
| Vehicle Operations Fund           | \$53,585                    | \$148,100           | \$130,487                | \$71,198            | \$0            | \$71,198                           |
| Facility - Major Maintenance Fund | \$189,073                   | \$62,266            | \$47,813                 | \$203,526           | \$0            | \$203,526                          |
| Equipment Replacement Fund        | \$1,483,561                 | \$370,727           | \$198,909                | \$1,655,379         | -\$75,000      | \$1,580,379                        |
| Unemployment                      | \$62,673                    | \$14,357            | \$5,708                  | \$71,322            | \$0            | \$71,322                           |
| Totals                            | \$55,337,777                | \$58,486,728        | \$65,999,478             | \$47,825,027        | -\$5,357,020   | \$42,468,007                       |

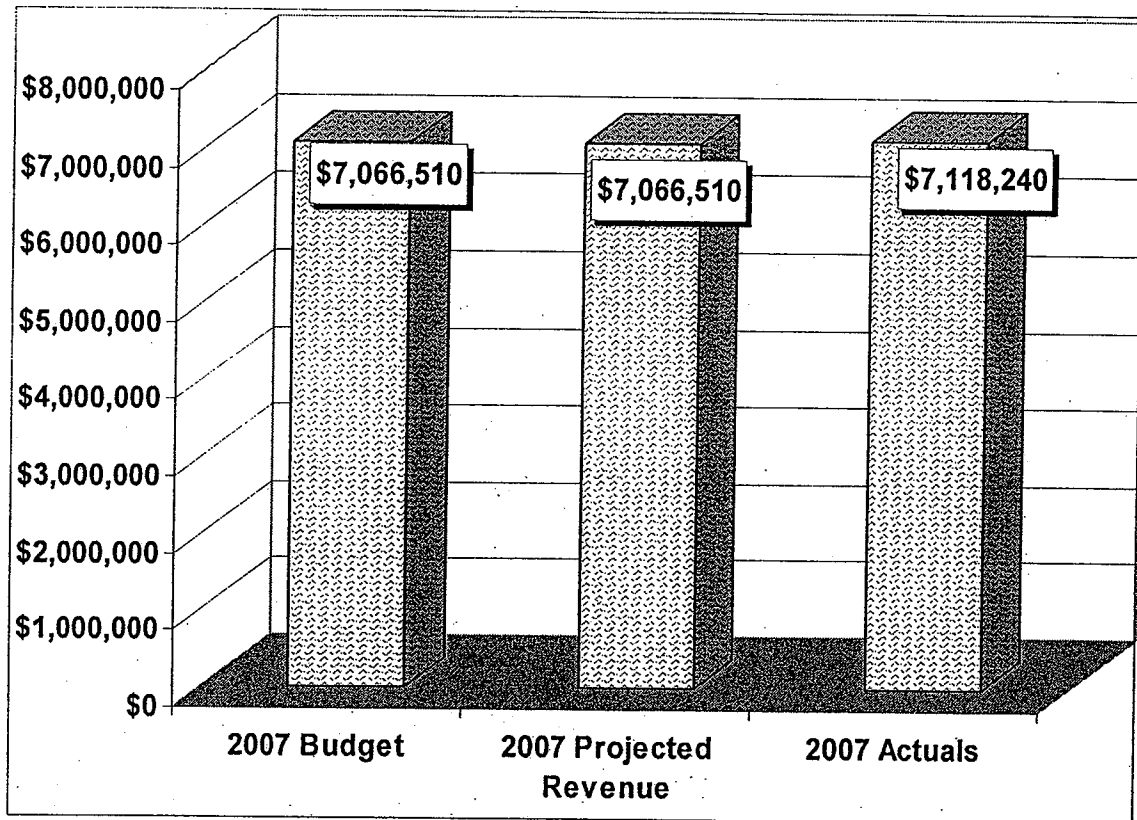
## General Fund Revenue



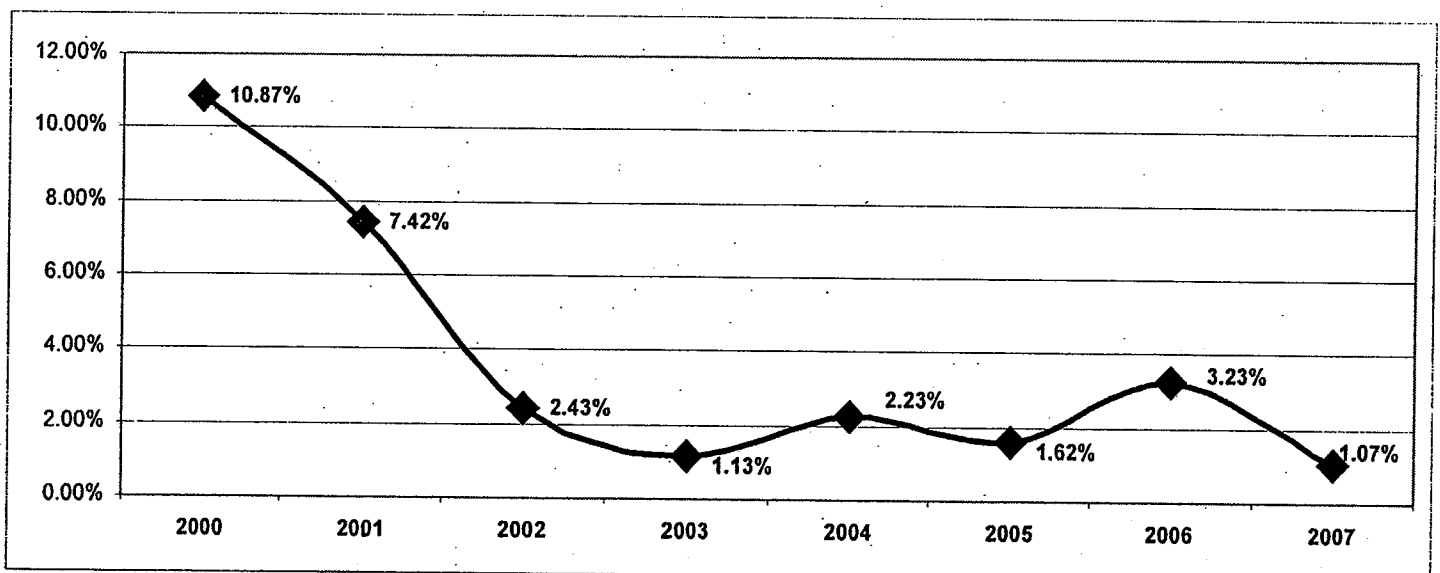
2007 General Fund revenue including carryovers totaled \$29,776,251 which was greater than 2007 projected revenue of \$29,001,142 by \$775,110 or 2.67%. This is an increase of 7.26% over total 2006 revenues of \$27,759,897 which is primarily the result of increased revenues from sales tax, utility tax and franchise fees, permit revenue, investment interest grants and recreation fees. The 2007 variance in actual revenue collections can primarily be attributed to better than expected revenue from sales tax (\$385,051), utility tax and franchise fees (\$158,207) and investment interest (\$195,440). These revenue sources make up 84% of the excess revenues.

| Revenue Source                         | 2007 Budget         | 2007 Projected Revenue | 2007 Actuals        | 2007 Carryover  | 2007 Actuals + Carryover | \$\$ Variance Actuals v. Projected | % Variance   |
|----------------------------------------|---------------------|------------------------|---------------------|-----------------|--------------------------|------------------------------------|--------------|
| Budgeted Fund Balance                  | \$6,091,854         | \$166,500              | \$0                 | \$0             | \$0                      | -\$166,500                         | 100.00%      |
| Property Tax                           | \$7,066,510         | \$7,066,510            | \$7,118,240         | \$0             | \$7,118,240              | \$51,730                           | 0.73%        |
| Sales Tax                              | \$6,250,000         | \$6,250,000            | \$6,635,051         | \$0             | \$6,635,051              | \$385,051                          | 6.16%        |
| Criminal Justice Sale Tax              | \$1,224,500         | \$1,224,500            | \$1,297,341         | \$0             | \$1,297,341              | \$72,841                           | 5.95%        |
| Utility Tax and Franchise Fee Category |                     |                        |                     |                 |                          |                                    |              |
| Natural Gas Utility Tax                | \$1,045,000         | \$1,045,000            | \$1,053,645         | \$0             | \$1,053,645              | \$8,645                            | 0.83%        |
| Sanitation Utility Tax                 | \$340,000           | \$340,000              | \$336,983           | \$0             | \$336,983                | -\$3,017                           | -0.89%       |
| Cable TV Utility Tax                   | \$98,000            | \$348,000              | \$403,116           | \$0             | \$403,116                | \$55,116                           | 15.84%       |
| Telephone/Cell Utility Tax             | \$1,555,000         | \$1,724,660            | \$1,752,641         | \$0             | \$1,752,641              | \$27,981                           | 1.62%        |
| Water Franchise Fee                    | \$565,000           | \$565,000              | \$606,442           | \$0             | \$606,442                | \$41,442                           | 7.33%        |
| Sewer Franchise Fee                    | \$655,595           | \$655,595              | \$659,000           | \$0             | \$659,000                | \$3,405                            | 0.52%        |
| Storm Drainage Utility Tax             | \$177,000           | \$177,000              | \$173,560           | \$0             | \$173,560                | -\$3,440                           | -1.94%       |
| Cable TV Franchise Fee                 | \$530,000           | \$580,000              | \$608,075           | \$0             | \$608,075                | \$28,075                           | 4.84%        |
| Utility Tax/Franchise Fee Subtotal     | \$4,965,595         | \$5,435,255            | \$5,593,462         | \$0             | \$5,593,462              | \$158,207                          | 2.91%        |
| Electricity Contract Payment           | \$1,000,000         | \$1,000,000            | \$1,010,382         | \$0             | \$1,010,382              | \$10,382                           | 1.04%        |
| Gambling Tax                           | \$2,134,500         | \$2,105,504            | \$1,998,002         | \$0             | \$1,998,002              | -\$107,502                         | -5.11%       |
| State Revenue                          | \$744,304           | \$729,526              | \$760,723           | \$0             | \$760,723                | \$31,197                           | 4.28%        |
| Permit Revenue                         | \$1,293,935         | \$1,443,529            | \$1,508,057         | \$0             | \$1,508,057              | \$64,528                           | 4.47%        |
| Parks & Recreation Revenue             | \$1,185,608         | \$1,244,723            | \$1,283,266         | \$0             | \$1,283,266              | \$38,543                           | 3.10%        |
| Fines & Licenses                       | \$34,530            | \$80,556               | \$149,097           | \$0             | \$149,097                | \$68,541                           | 85.08%       |
| Grants & Misc. Revenue                 | \$789,705           | \$796,737              | \$676,311           | \$93,077        | \$769,388                | -\$27,349                          | -3.43%       |
| Investment Interest                    | \$411,355           | \$411,355              | \$606,795           | \$0             | \$606,795                | \$195,440                          | 47.51%       |
| Transfers-In                           | \$1,046,447         | \$1,046,447            | \$1,046,447         | \$0             | \$1,046,447              | \$0                                | 0.00%        |
| <b>Total General Fund Revenue</b>      | <b>\$34,238,843</b> | <b>\$29,001,142</b>    | <b>\$29,683,174</b> | <b>\$93,077</b> | <b>\$29,776,251</b>      | <b>\$775,110</b>                   | <b>2.67%</b> |

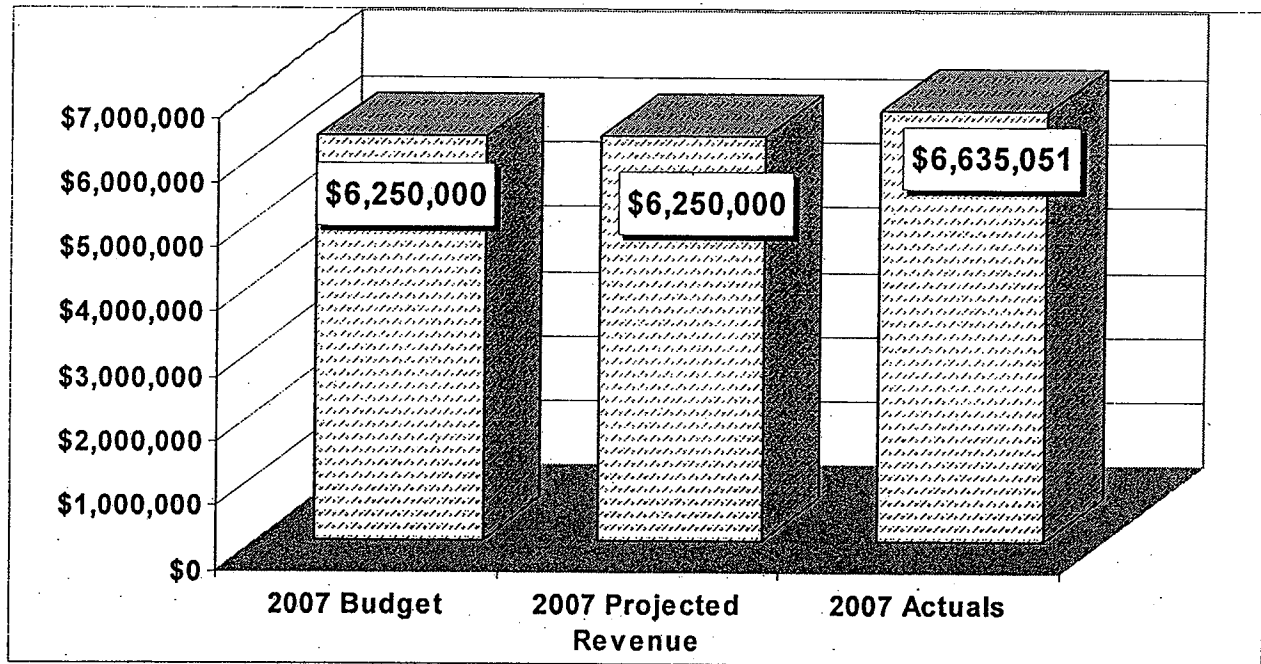
## Property Tax Revenue



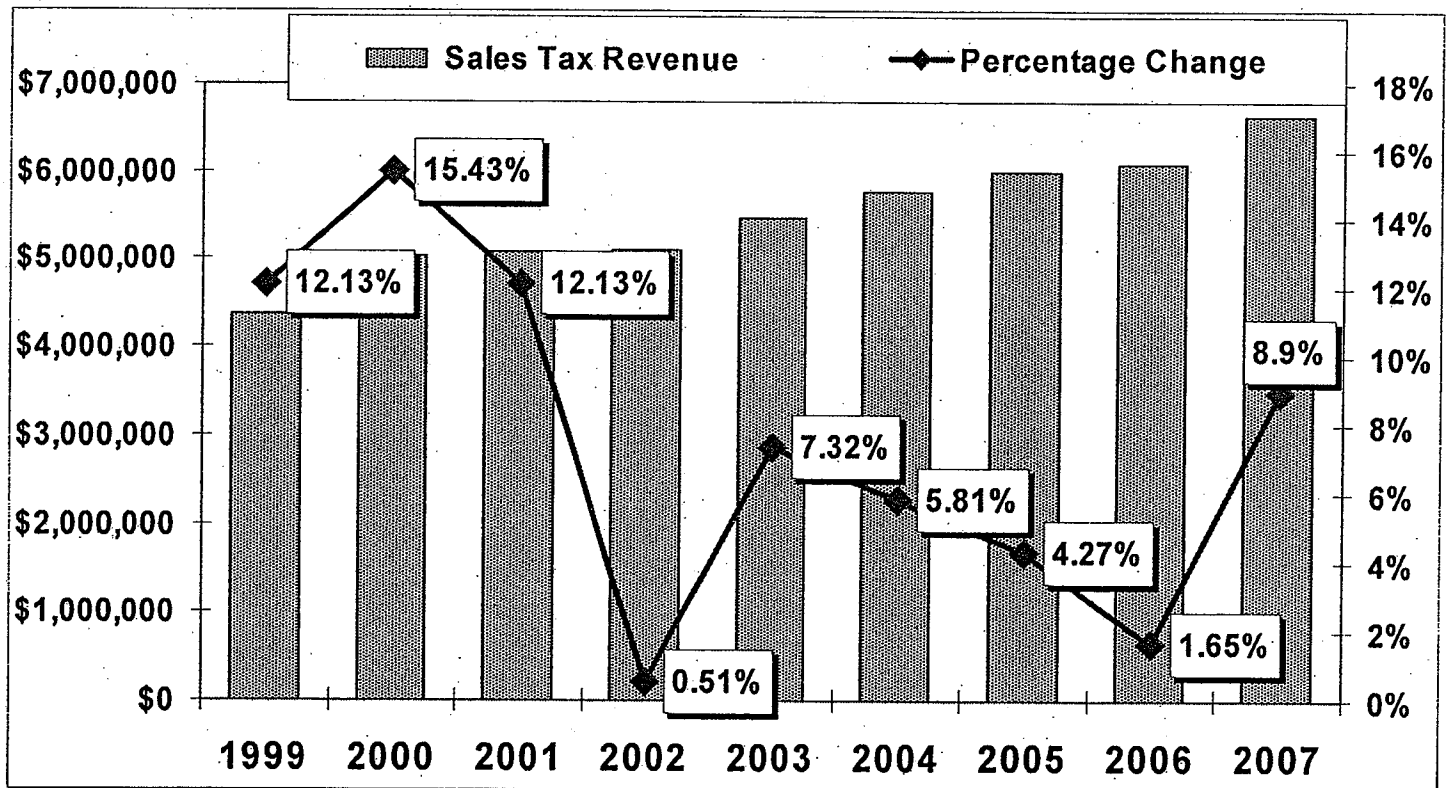
Property tax collections of \$7,118,240 were above projections by \$51,730 or 0.73%. This is an increase of \$75,086 or 1.07% over 2006 collections. The graph below highlights the annual percentage change in actual property tax revenue since 2000. The reason behind the property tax variance from year to year is based on the level of payments from delinquent accounts and the fluctuation of property tax from new construction. Historically property tax revenue was budgeted assuming a 2.0% rate of delinquent accounts; in 2007 a 1% rate was used.



## Sales Tax Revenue



Sales tax revenue came in at \$6,635,051, which is \$385,051 or 6.1% increase over 2007 projections of \$6,250,000. 2007 revenue is \$543,511 or 8.9% above 2006 collections. The chart immediately below shows sales tax revenue changes from 1999 through 2007. As the graph illustrates 2007 resulted in an 8.92% increase from 2006 and it also represented the highest rate of increase since 2001.

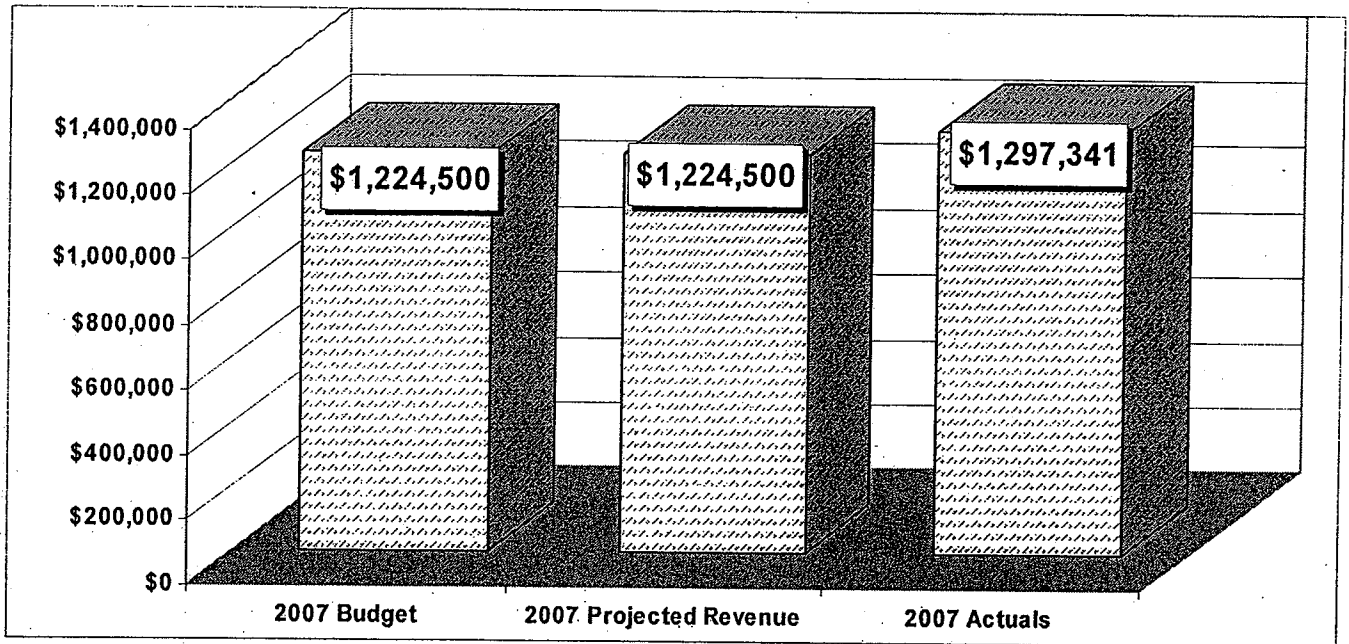


It is important to analyze sales tax growth by primary business sector to determine if the sales tax growth is a result of increased retail sales, growth in construction, growth in services or a combination. Growth in a single sector, such as construction, could indicate revenue that should be considered one-time growth. On the other hand, growth in retail related sales could indicate a growing demand in on-going sales. In looking at the change in sales tax revenue from 2006 to 2007 by business industry it appears the primary source of growth was related to construction. This table shows a comparison of the various business sector retail sales tax collections for 2006 and 2007.

The growth in construction related sales tax revenue of \$339,862 or 29.8% is the primary reason for the City's 8.9% increase over 2006. Retail sales tax revenue grew at a very modest 2.1% which resulted in an \$85,065 increase, an increase that was below the 2007 rate of inflation. Given the one-time nature of construction revenue we are hesitant to incorporate this increase into the City's future revenue planning. As the economy cools we are very mindful of the City's modest retail sales growth and as a result will continue conservative sales tax revenue projections. It is worth noting that of the 22 business sectors only seven ended 2007 with a negative variance from 2006.

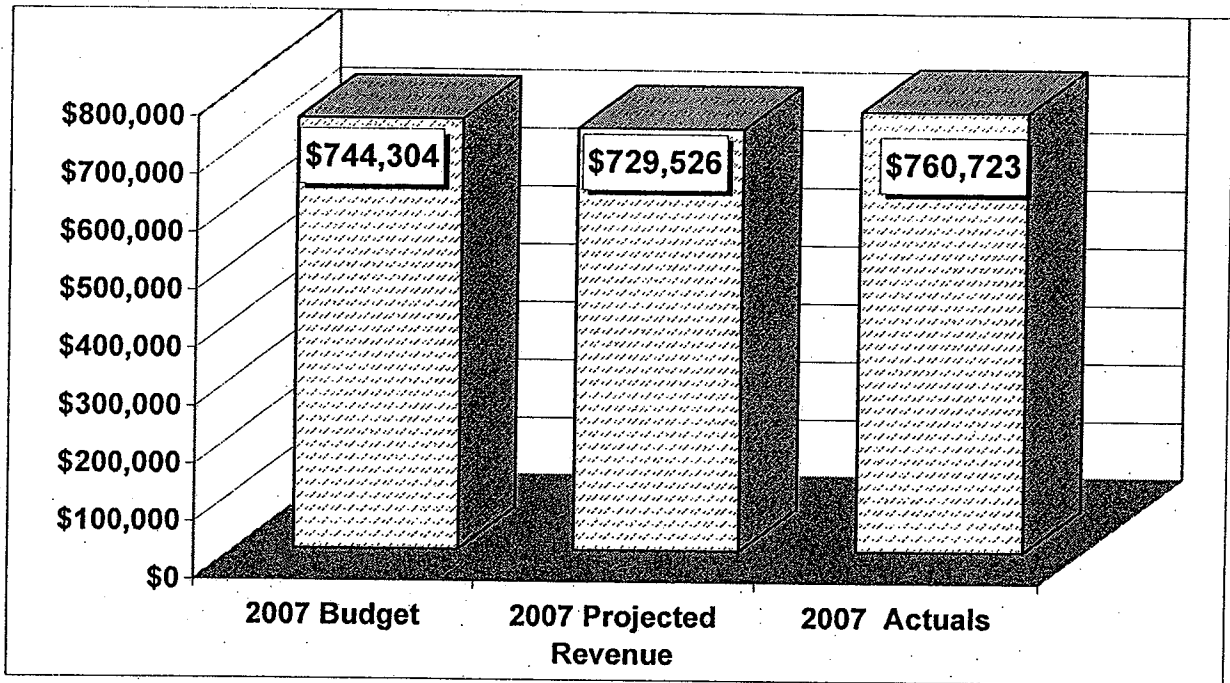
| <b>Sales Tax Revenue by Business Sector 2006 - 2007 (December - November)</b>                  |                    |                    |                       |                 |
|------------------------------------------------------------------------------------------------|--------------------|--------------------|-----------------------|-----------------|
| <b>Sector</b>                                                                                  | <b>2007</b>        | <b>2006</b>        | <b>\$ \$ Variance</b> | <b>% Change</b> |
| Retail Trade                                                                                   | \$4,017,388        | \$3,932,323        | \$85,065              | 2.1%            |
| Construction                                                                                   | \$1,138,950        | \$799,088          | \$339,862             | 29.8%           |
| Accommodation and Food Services                                                                | \$389,660          | \$358,188          | \$31,472              | 8.1%            |
| Real Estate, Car Rental, Leasing                                                               | \$161,023          | \$162,025          | -\$1,002              | -0.6%           |
| Other Services (auto repair, equipment repair and beauty salons)                               | \$175,556          | \$160,638          | \$14,918              | 8.5%            |
| Telecommunications (communication equipment and service plans)                                 | \$152,616          | \$145,972          | \$6,644               | 4.4%            |
| Wholesale Trade                                                                                | \$144,128          | \$131,919          | \$12,209              | 8.5%            |
| Arts & Entertainment (fitness clubs, golf courses and casinos)                                 | \$115,049          | \$100,788          | \$14,261              | 12.4%           |
| Administration/Support (landscaping services, janitorial, carpet cleaning and travel agencies) | \$113,703          | \$69,728           | \$43,975              | 38.7%           |
| Information                                                                                    | \$41,173           | \$42,865           | -\$1,692              | -4.1%           |
| Manufacturing                                                                                  | \$35,907           | \$38,211           | -\$2,304              | -6.4%           |
| Science - Tech Services                                                                        | \$40,295           | \$34,281           | \$6,014               | 14.9%           |
| Unknown (non-classifiable)                                                                     | \$31,394           | \$32,274           | -\$880                | -2.8%           |
| Finance and Insurance                                                                          | \$25,139           | \$29,575           | -\$4,436              | -17.6%          |
| Transportation                                                                                 | \$14,943           | \$16,794           | -\$1,851              | -12.4%          |
| Health Care/Social Services                                                                    | \$13,209           | \$13,103           | \$106                 | 0.8%            |
| Public Administration                                                                          | \$12,704           | \$11,817           | \$887                 | 7.0%            |
| Educational Services                                                                           | \$9,955            | \$9,441            | \$514                 | 5.2%            |
| Agriculture                                                                                    | \$1,253            | \$1,242            | \$11                  | 0.9%            |
| Mining                                                                                         | \$73               | \$926              | -\$853                | -1168.5%        |
| Company Mgmt                                                                                   | \$235              | \$213              | \$22                  | 9.4%            |
| Utilities                                                                                      | \$698              | \$129              | \$569                 | 81.5%           |
| <b>Totals</b>                                                                                  | <b>\$6,635,051</b> | <b>\$6,091,540</b> | <b>\$543,511</b>      | <b>8.9%</b>     |

## Criminal Justice Sales Tax Revenue



Local criminal justice sales tax collections of \$1,297,341 are above projected revenue of \$1,224,500 by \$72,841 or 5.9%. This is an increase over 2006 of \$107,543 or 8.3%. This category differs from sales tax because it represents sales tax collected throughout King County and consequently does not necessarily reflect the sales tax experience within Shoreline. This tax is distributed based on city population.

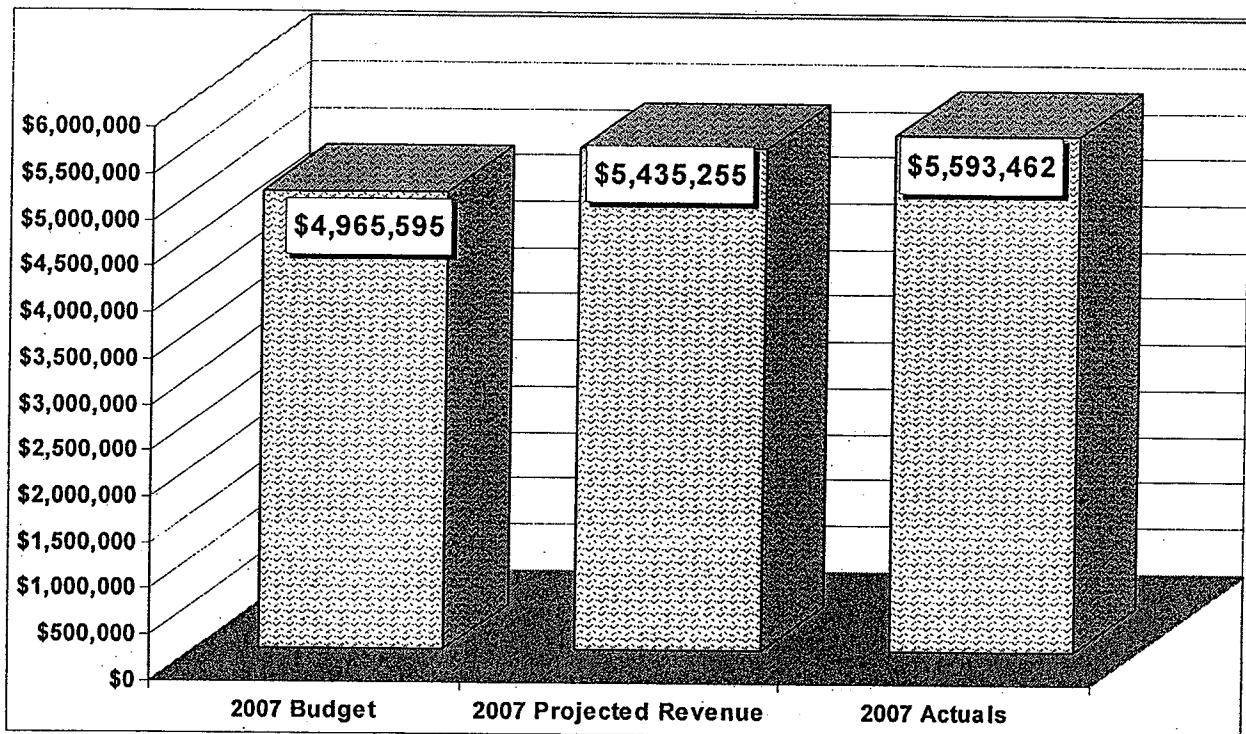
## State Shared Revenue



State Revenues of \$760,723 are just slightly above revised projected revenue of \$729,526 by \$31,197 or 4.28%. This is an increase from the amount of revenue received during 2006 by \$68,468 or 9.0%. The 2007 increase is a result of two things: an increase of \$24,581 in projected Liquor Board Profit revenue and a \$5,069 Criminal Justice contract service funding.

State shared revenue includes criminal justice funds, liquor board profits and liquor excise tax.

## Utility Tax and Franchise Fee Revenue



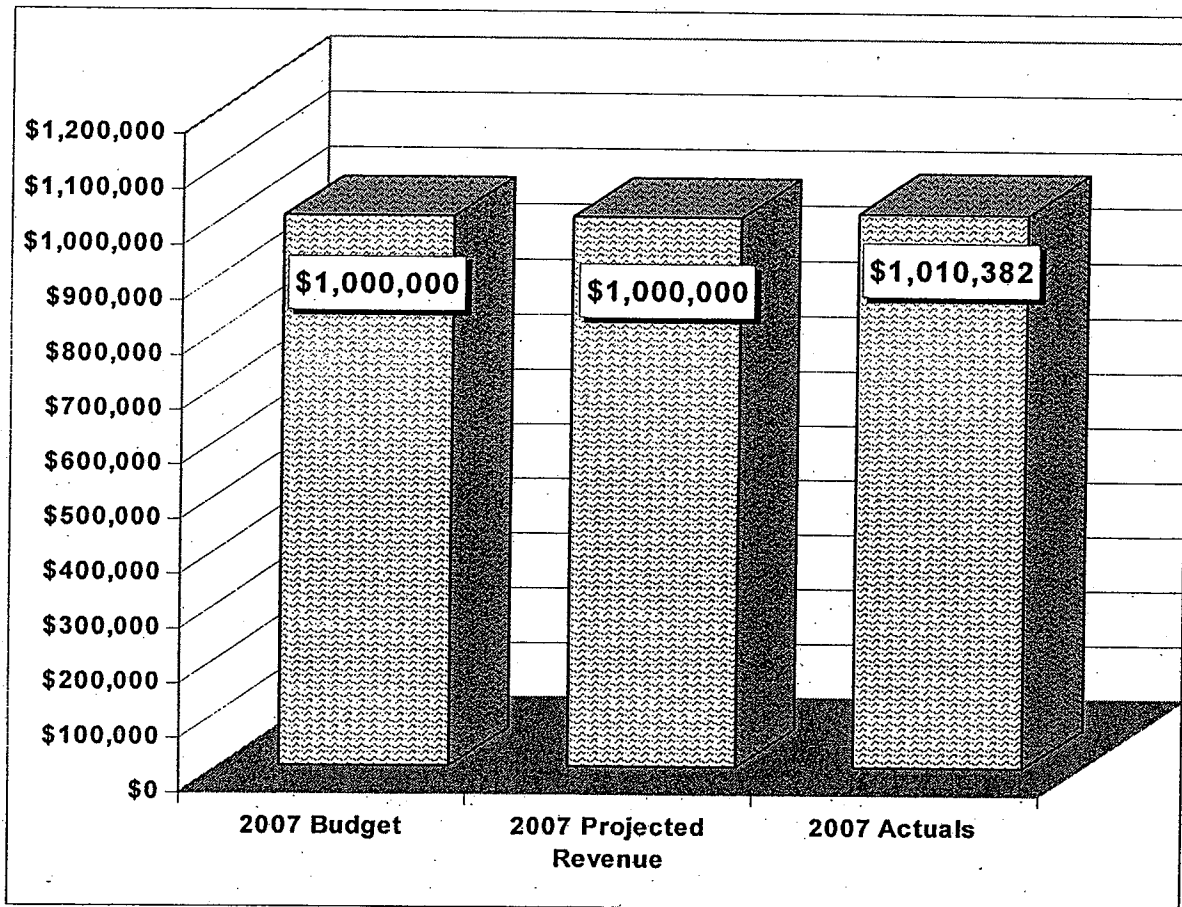
Utility tax and franchise fee revenue of \$5,593,462 exceeded revised projected revenue of \$5,435,255 by \$158,207 or 2.91%. This is an increase over 2006 of \$561,282 or 11.2% due primarily to these three revenue sources: cable TV utility tax of \$304,233 (the cable TV utility tax was increased from 1% to 6% effective July 1, 2007); telephone/cell phone utility tax of \$101,066 and natural gas utility tax of \$99,110. The increase in 2007 actual revenue collections as compared to projected revenue is due to the following:

- Cable TV utility tax revenue exceeded projections by \$55,116 or 15.84%.
- Water franchise revenue exceeded projections by \$41,442 or 7.33%
- Cable TV franchise revenue exceeded projections by \$28,075 or 4.84%
- Telephone/Cell utility tax revenue exceeded projections by \$27,981 or 1.62%

The table immediately below lists all of the City's utility revenue producers and revenue activity for 2007 and 2008 budget estimates.

| Utility Tax and Franchise Fees | 2007 Budget        | 2007 Projected Revenue | 2007 Actuals       | \$\$ Variance Actuals v. Projected | % Variance   | 2008 Budget        |
|--------------------------------|--------------------|------------------------|--------------------|------------------------------------|--------------|--------------------|
| Natural Gas Utility Tax        | \$1,045,000        | \$1,045,000            | \$1,053,645        | \$8,645                            | 0.83%        | \$944,143          |
| Sanitation Utility Tax         | \$340,000          | \$340,000              | \$336,983          | -\$3,017                           | -0.89%       | \$400,000          |
| Cable TV Utility Tax           | \$98,000           | \$348,000              | \$403,116          | \$55,116                           | 15.84%       | \$598,000          |
| Telephone/Cell Utility Tax     | \$1,555,000        | \$1,724,660            | \$1,752,641        | \$27,981                           | 1.62%        | \$1,800,000        |
| Water Franchise Fee            | \$565,000          | \$565,000              | \$606,442          | \$41,442                           | 7.33%        | \$565,000          |
| Sewer Franchise Fee            | \$655,595          | \$655,595              | \$659,000          | \$3,405                            | 0.52%        | \$675,263          |
| Storm Drainage Utility Tax     | \$177,000          | \$177,000              | \$173,560          | -\$3,440                           | -1.94%       | \$182,310          |
| Cable TV Franchise Fee         | \$530,000          | \$580,000              | \$608,075          | \$28,075                           | 4.84%        | \$597,400          |
| <b>Total Utility Revenue</b>   | <b>\$4,965,595</b> | <b>\$5,435,255</b>     | <b>\$5,593,462</b> | <b>\$158,207</b>                   | <b>2.91%</b> | <b>\$5,762,116</b> |

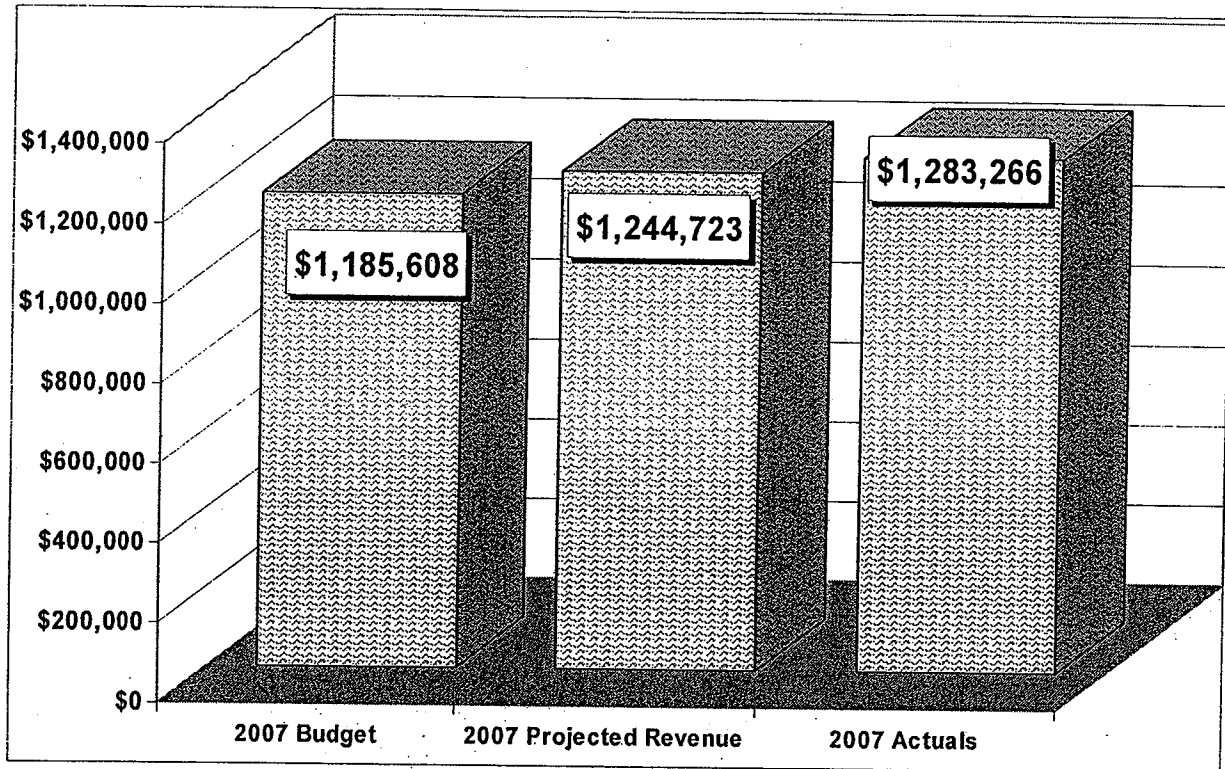
## Electricity Contract Payment



The City has an agreement with Seattle City Light that provides for the payment of 6% of the revenue earned from the power portion of electric revenues from Shoreline rate payers. Electric rates are composed of power costs and distribution costs. The power costs represent approximately 65% of the electric rate revenues.

Total collections in 2007 of \$1,010,382 exceeded projections of \$1,000,000 by only \$10,382 or 1.04%. Total collections in 2006 were \$22,054 or 2.1% more than in 2007. This variance is due to a 3% rate reduction implemented by Seattle City Light effective January 1, 2007.

## Parks and Recreation Fee Revenue

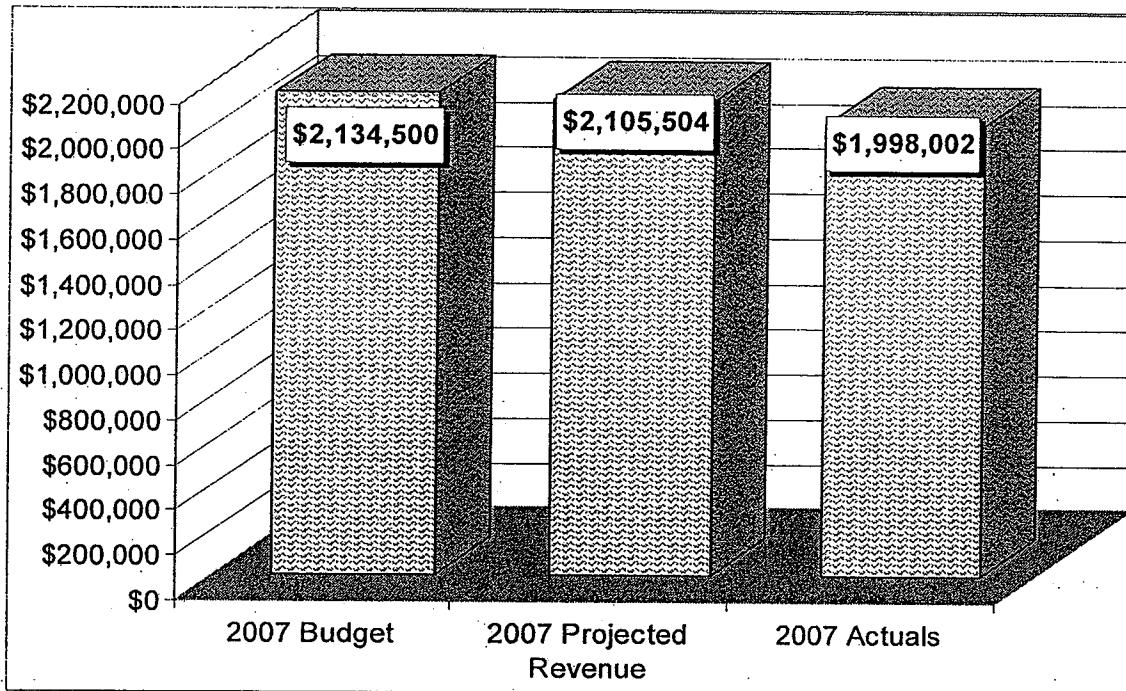


Parks' revenue collections of \$1,283,266 exceeded projected revenue of \$1,244,723 by \$38,543 or 3.10%. 2007 revenue exceeded 2006 revenue by \$185,239 or 16.87%.

The primary revenue producing programs for Parks are general recreation which includes all classes, leagues, youth and adult sports, senior programs, summer camps, special recreation, and the Spartan Recreation Center memberships and drop in fees; Shoreline Pool and facility rentals. These three programs make up 95% of all parks revenue. The table below highlights the actual revenue generated by general recreation, Shoreline Pool and facility rentals and compares it to projected revenue for 2007.

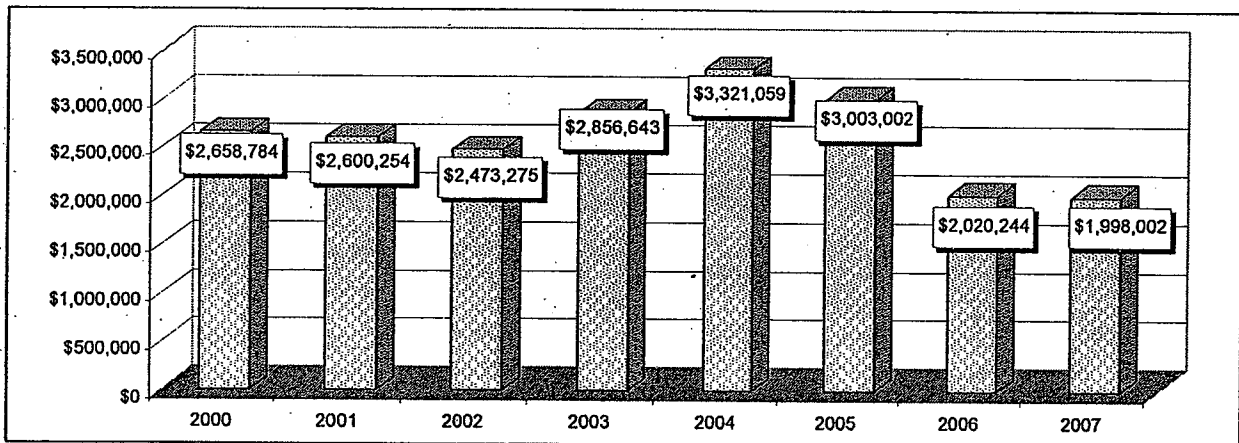
| Parks Program Revenue | 2007 Budget | 2007 Projected Revenue | 2007 Actuals | \$\$ Variance Actuals v. Projected | % Variance |
|-----------------------|-------------|------------------------|--------------|------------------------------------|------------|
| General Recreation    | \$513,182   | \$493,156              | \$543,568    | \$50,412                           | 10.2%      |
| Shoreline Pool        | \$354,050   | \$346,675              | \$361,540    | \$14,865                           | 4.3%       |
| Facility Rentals      | \$235,000   | \$318,760              | \$322,704    | \$3,944                            | 1.2%       |

## Gambling Tax Revenue

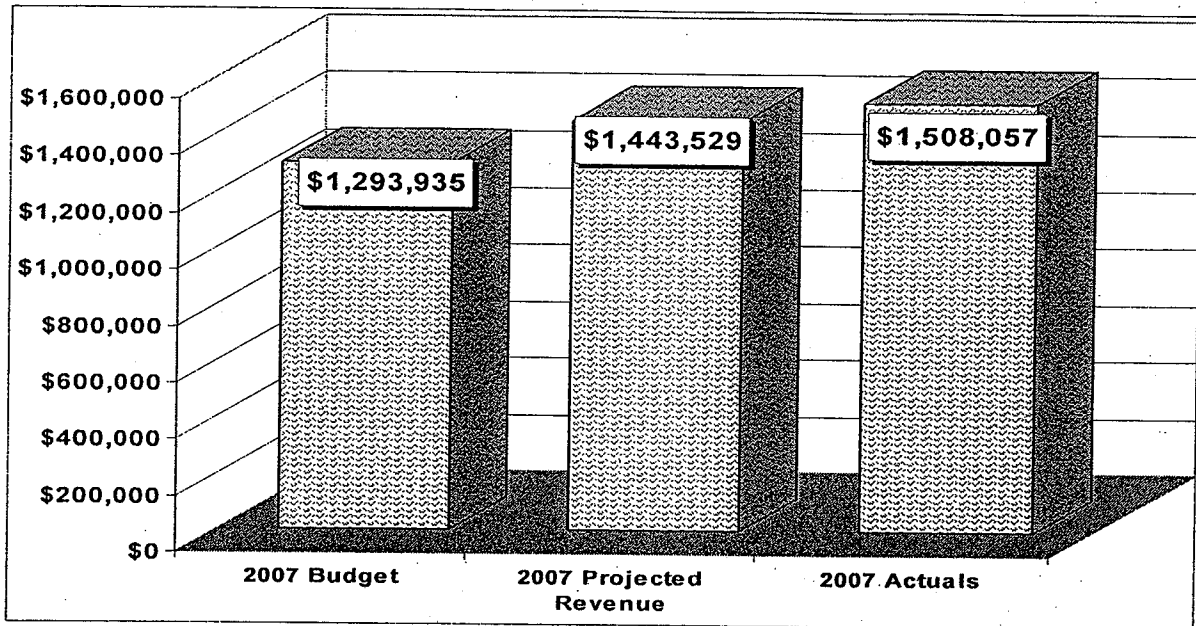


Gambling tax revenue of \$1,998,002 was \$107,203 or 5.11% below projected revenue. Revenue has been adversely affected by a 6.9% reduction in card game activity from 2006. The drop in activity levels can be attributed to the smoking ban and competition from tribal casinos. The tax rate for the first quarter of 2007 was 7%, but returned to 10% on April 1, 2007. The one quarter rate reduction resulted in a \$164,260 drop in revenue. Pull tab revenue has also decreased by 6.8% on an annual basis since 2006.

Gambling tax revenue is generated from three sources: card rooms, amusement games and pull tabs. Overall gambling tax revenue decreased by \$22,242 or 1.1% from 2006. The table immediately below highlights gambling revenue trends over the past eight years.

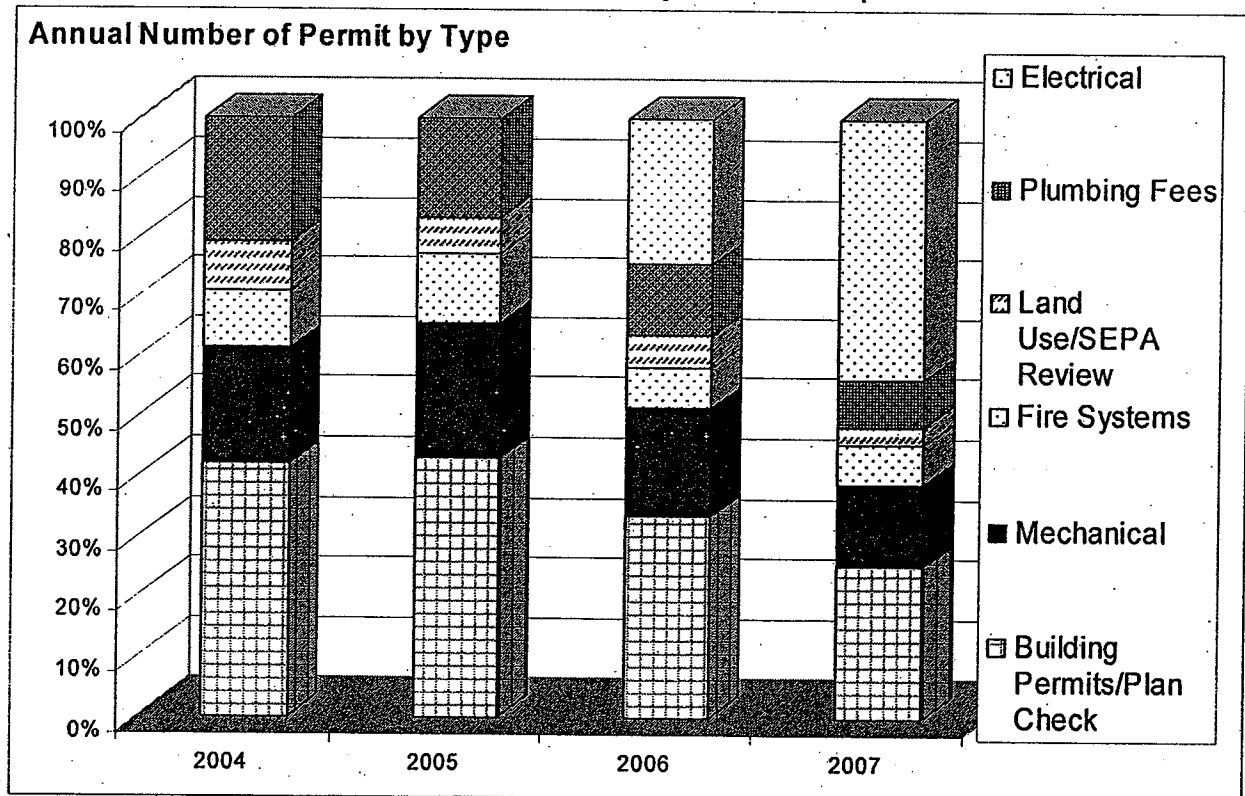


## Permit Revenue

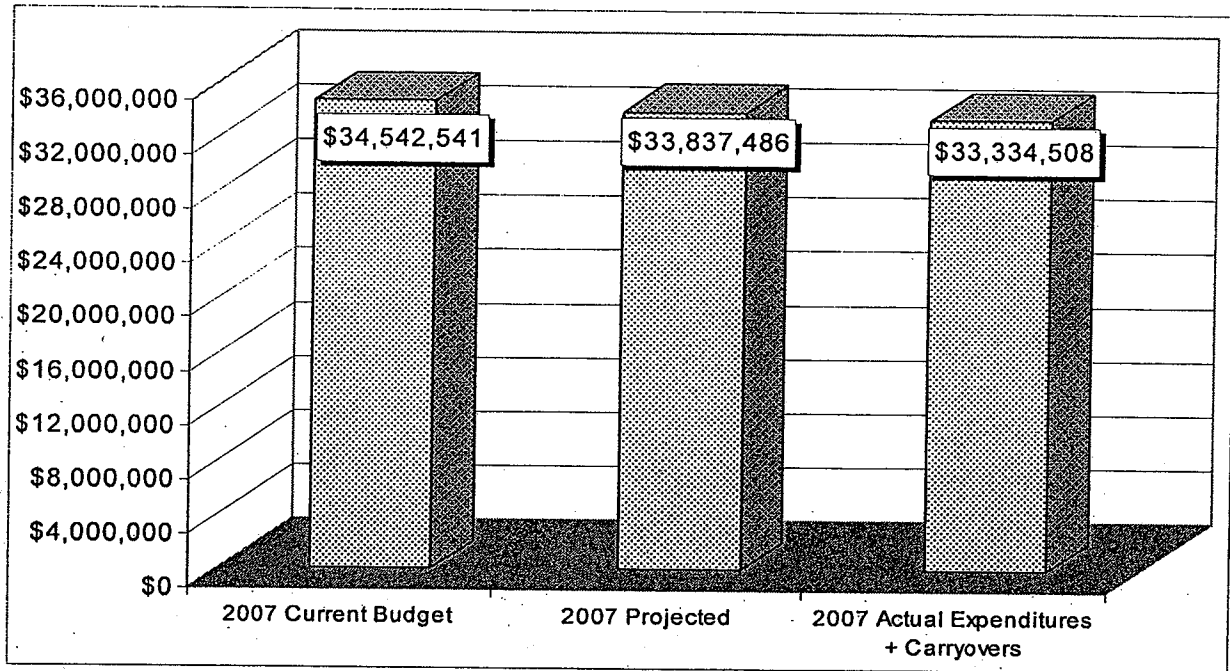


Permit revenue of \$1,508,057 was \$64,528 or 4.47% above projected revenue. 2007 revenue exceeded 2006 revenue by 163,384 or 12.15%.

The number of permits issued in 2007 was 2,208 which is a 693 or 45.7% increase over 2006. This increase is due to the number electrical permits issued in 2007 which grew from 371 in 2006 to 962 in 2007. Despite the large increase in the number of permits revenue grew by only 12.15%. This is because electrical permits generate only \$14 per permit. Essentially the City serves as a pass through agent for the State Department of Labor & Industries, which requires minimal City staff time to process.



## General Fund Expenditures



The 2007 actual expenditures were \$32,961,412 and the 2007 carryovers were \$373,096 for a total 2007 expenditure of \$33,334,508. This is \$502,978 or 1.49% below projected expenditures of \$33,837,486. The following table displays the 2007 expenditure results of each department within the General Fund including carryovers.

| Department                         | 2007 Current Budget | 2007 Projected | 2007 Actual Expenditures | 2007 Carryover | 2007 Actual Expenditures + Carryovers | \$\$ Variance | % Variance |
|------------------------------------|---------------------|----------------|--------------------------|----------------|---------------------------------------|---------------|------------|
| City Council                       | \$172,914           | \$169,406      | \$166,952                |                | \$166,952                             | -\$2,454      | -1.4%      |
| City Manager's Office <sup>1</sup> | \$1,412,053         | \$1,386,793    | \$1,267,737              | \$70,500       | \$1,338,237                           | -\$48,556     | -3.5%      |
| City Clerk                         | \$404,493           | \$386,693      | \$366,341                |                | \$366,341                             | -\$20,352     | -5.3%      |
| City Attorney                      | \$734,943           | \$671,909      | \$654,750                |                | \$654,750                             | -\$17,159     | -2.6%      |
| Community Services <sup>2</sup>    | \$1,665,715         | \$1,595,295    | \$1,508,132              | \$100,342      | \$1,608,474                           | \$13,179      | 0.8%       |
| Finance/IS                         | \$2,566,395         | \$2,499,824    | \$2,433,354              | \$55,195       | \$2,488,549                           | -\$11,275     | -0.5%      |
| Citywide                           | \$1,314,561         | \$858,474      | \$861,796                |                | \$861,796                             | \$3,322       | 0.4%       |
| Human Resources                    | \$393,964           | \$366,880      | \$357,459                |                | \$357,459                             | -\$9,421      | -2.6%      |
| Police                             | \$8,548,031         | \$8,629,204    | \$8,617,900              |                | \$8,617,900                           | -\$11,304     | -0.1%      |
| Criminal Justice                   | \$1,379,426         | \$1,379,326    | \$1,217,034              |                | \$1,217,034                           | -\$162,292    | -11.8%     |
| Parks                              | \$4,054,944         | \$4,037,215    | \$3,871,897              | \$22,930       | \$3,894,827                           | -\$142,388    | -3.5%      |
| Planning and Development Services  | \$2,794,454         | \$2,602,404    | \$2,465,491              | \$88,152       | \$2,553,643                           | -\$48,761     | -1.9%      |
| Public Works                       | \$1,451,311         | \$1,438,226    | \$1,284,601              | \$35,977       | \$1,320,578                           | -\$117,648    | -8.2%      |
| December Flood Event               | \$0                 | \$0            | \$116,115                | \$0            | \$116,115                             | \$116,115     | 0.0%       |
| Department Totals                  | \$26,893,204        | \$26,021,649   | \$25,189,559             | \$373,096      | \$25,562,655                          | -\$458,994    | -1.8%      |
| General Transfers Out              | \$7,649,337         | \$7,815,837    | \$7,771,853              | \$0            | \$7,771,853                           | -\$43,984     | -0.6%      |
| General Fund Total                 | \$34,542,541        | \$33,837,486   | \$32,961,412             | \$373,096      | \$33,334,508                          | -\$502,978    | -1.49%     |

<sup>1</sup> City Manager includes Economic Development, Communications & Intergovernmental Relations

<sup>2</sup> Community Services includes Emergency Management Planning, Neighborhoods, Human Services and CRT

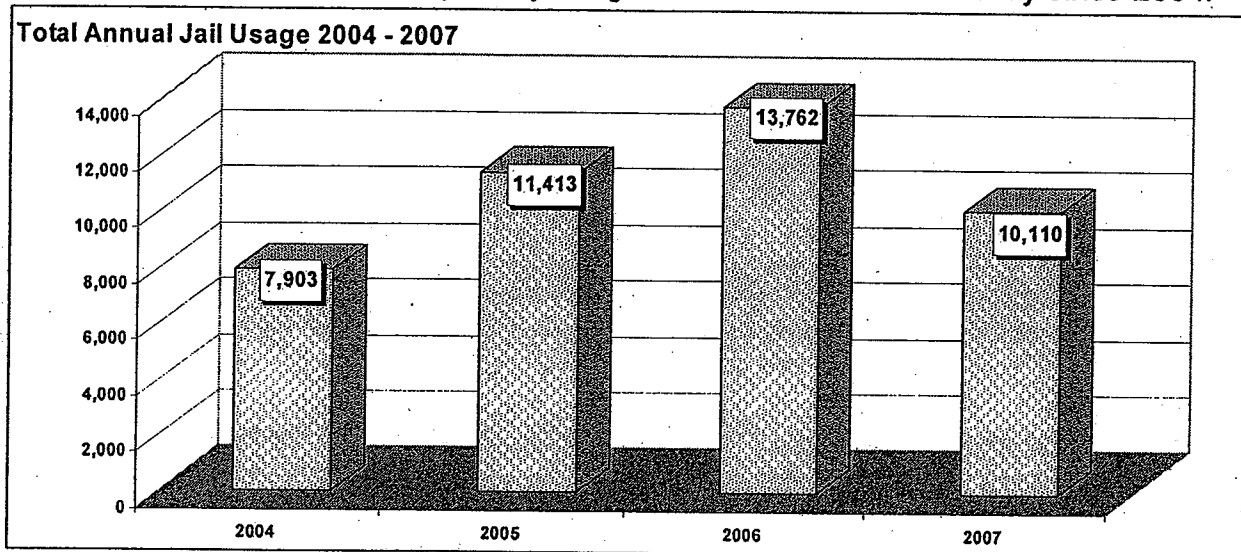
## 2007 Expenditure Highlights form the General Fund

City Manager's Office is under projections by \$48,556 or 3.5% due to savings in professional services.

City Clerks Office is under projections by \$20,352 or 5.3% primarily as a result of fewer hearing examiner services needed and of the three hearings held all but one were less than the \$2,080 budgeted. Six hearings were budgeted.

City Attorney is under projections by \$17,159 or 2.6% as a result of needing less outside legal counsel professional services than originally estimated.

Criminal Justice is under projections by \$162,292 or 11.8%. This under expenditure is due to a decrease in jail costs as a result of fewer jail days used by Shoreline inmates. In 2007 jail days used decreased by 3,652 or 26.5% compared to 2006. The City uses historical jail usage data to develop future jail cost scenarios. As the table immediately below illustrates, prior to 2007 jail day usage had increased substantially since 2004.

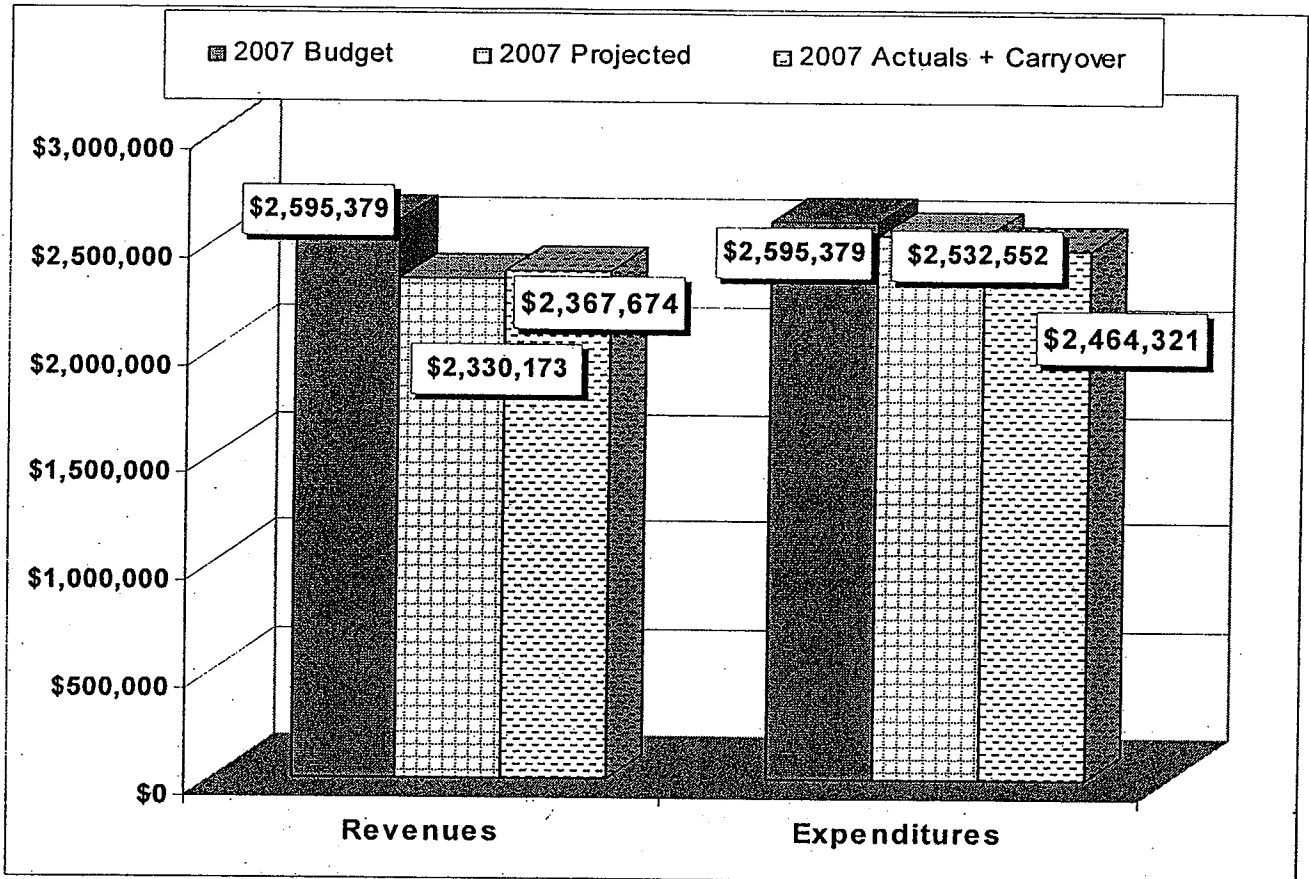


Parks, Recreation and Cultural Services is under projections by \$142,388 or 3.5% due to savings in salary and benefits, operating supplies and professional services.

Public Works is under projections by \$117,648 or 8.2%, due to savings in professional services, repairs and maintenance, and lease expenses.

The 2007 December flood created \$116,115 in unanticipated costs as a result of the flood damage to city buildings and infrastructure. The City is working with FEMA and the Washington Cities Insurance Pool to recapture as much of these costs as possible.

## Street Fund



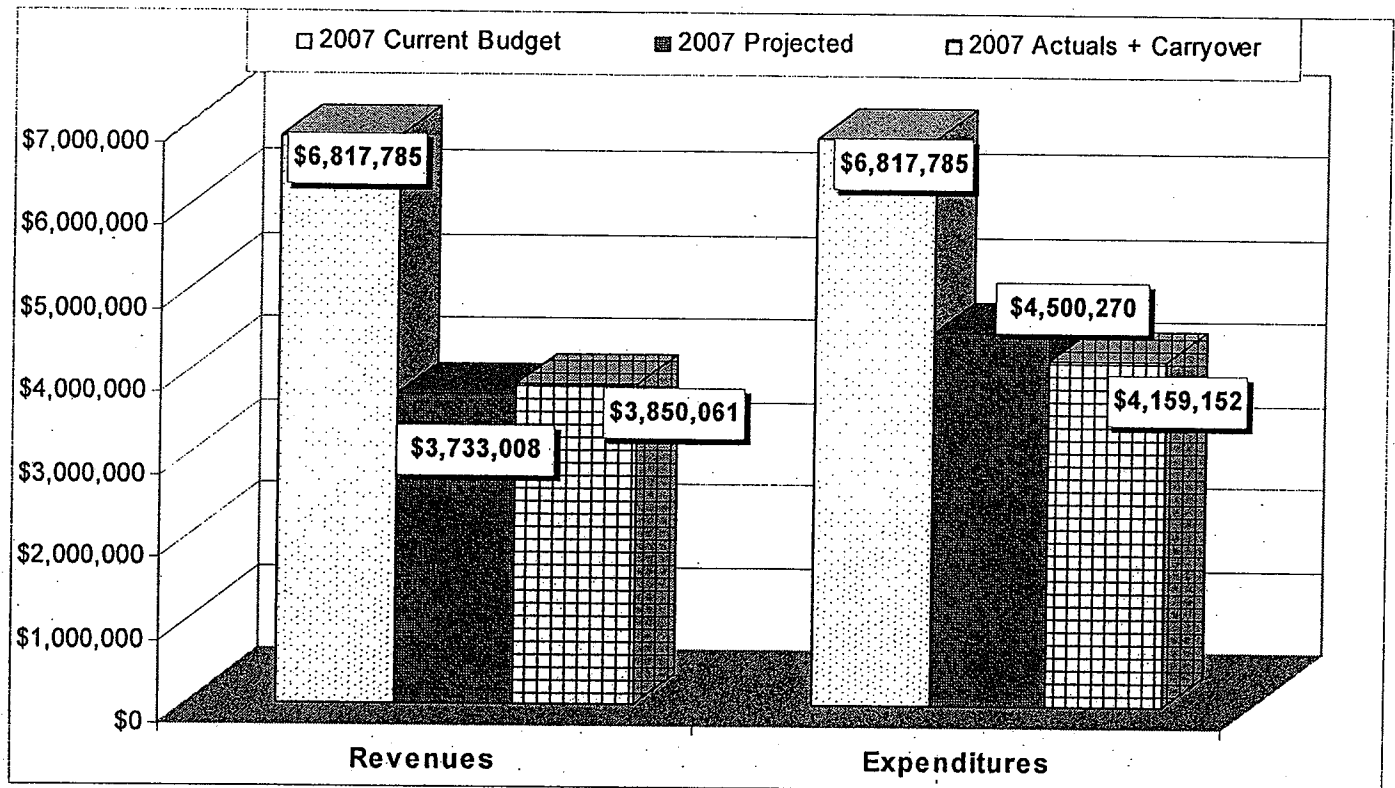
| Street Fund  | 2007 Budget | 2007 Projected | 2007 Actuals | 2007 Carryover | 2007 Actuals + Carryover | \$ \$ Variance | % Variance |
|--------------|-------------|----------------|--------------|----------------|--------------------------|----------------|------------|
| Revenues     | \$2,595,379 | \$2,330,173    | \$2,367,674  | \$0            | \$2,367,674              | \$37,501       | 1.61%      |
| Expenditures | \$2,595,379 | \$2,532,552    | \$2,240,063  | \$224,258      | \$2,464,321              | -\$68,231      | -2.69%     |

Actual revenues for 2007 were \$2,367,674, just \$37,501 or 1.61% above projected revenue. Right-of-way fee revenue was above projections by \$35,615 or 29.8% due to increased activity. Investment interest was above projections by \$21,332 or 57.4%. Fuel tax collections were below projections by \$17,674 or 2.4%.

The 2007 actual expenditures were \$2,240,063 and the 2007 carryovers were \$224,258 for a total 2007 expenditure of \$2,464,321. This is \$68,231 or 2.69% below projected expenditures of \$2,532,552.

The 2007 ending fund balance is \$984,322. This includes all revenue and expenditure activity and the requested carryovers.

## Surface Water Utility Fund



| SWM Utility Fund | 2007 Current Budget | 2007 Projected | 2007 Actuals | 2007 Carryover | 2007 Actuals + Carryover | \$ \$ Variance | % Variance |
|------------------|---------------------|----------------|--------------|----------------|--------------------------|----------------|------------|
| Revenues         | \$6,817,785         | \$3,733,008    | \$3,775,061  | \$75,000       | \$3,850,061              | \$117,053      | 3.14%      |
| Expenditures     | \$6,817,785         | \$4,500,270    | \$2,888,322  | \$1,270,830    | \$4,159,152              | -\$341,118     | -7.58%     |

The 2007 actual revenues were \$3,775,061 and the 2007 carryovers were \$75,000 for total 2007 revenue of \$3,850,061 this was \$117,053 or 3.14% more than projected revenue of \$3,733,008. Specific Surface Water Utility Revenue is as follows:

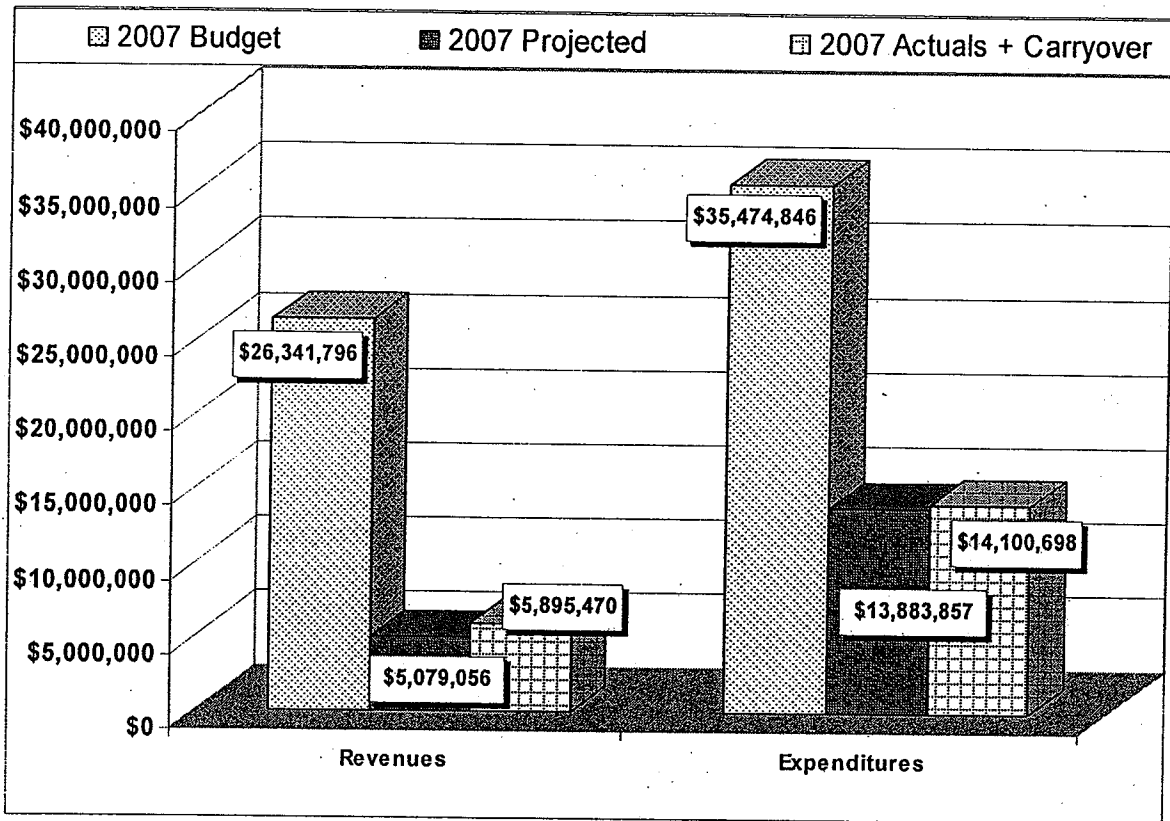
- Investment interest was \$251,107 or 67.4% above projected revenue of \$372,500.
- The City received \$117,876 from King County for Hidden Lake mitigation.
- Grant revenue of \$75,000 carried over into 2008.
- Storm drainage fees were \$36,295 or 1.24% less than projected.
- The primary difference between actual and projected revenues is that the amount of Public Works Trust Fund Loan (PWTFL) used was \$290,635 less than anticipated. This PWTFL is for the Ronald Bog Drainage Improvements.

The 2007 actual expenditures were \$2,888,322 and the 2007 carryovers were \$1,270,830 for a total 2007 expenditure of \$4,159,152. This is \$341,118 or 7.58% below projected expenditures of \$4,500,270. Broken out between operating and capital as follows:

- SWM operating expenditures were \$98,234 or 5.32% under projections of \$1,848,178 and capital expenditures were \$242,884 or 10.99% under projections of \$2,210,255.

The 2007 ending fund balance is \$6,308,410. This includes all revenue and expenditure activity and the requested carryovers.

## General Capital Fund



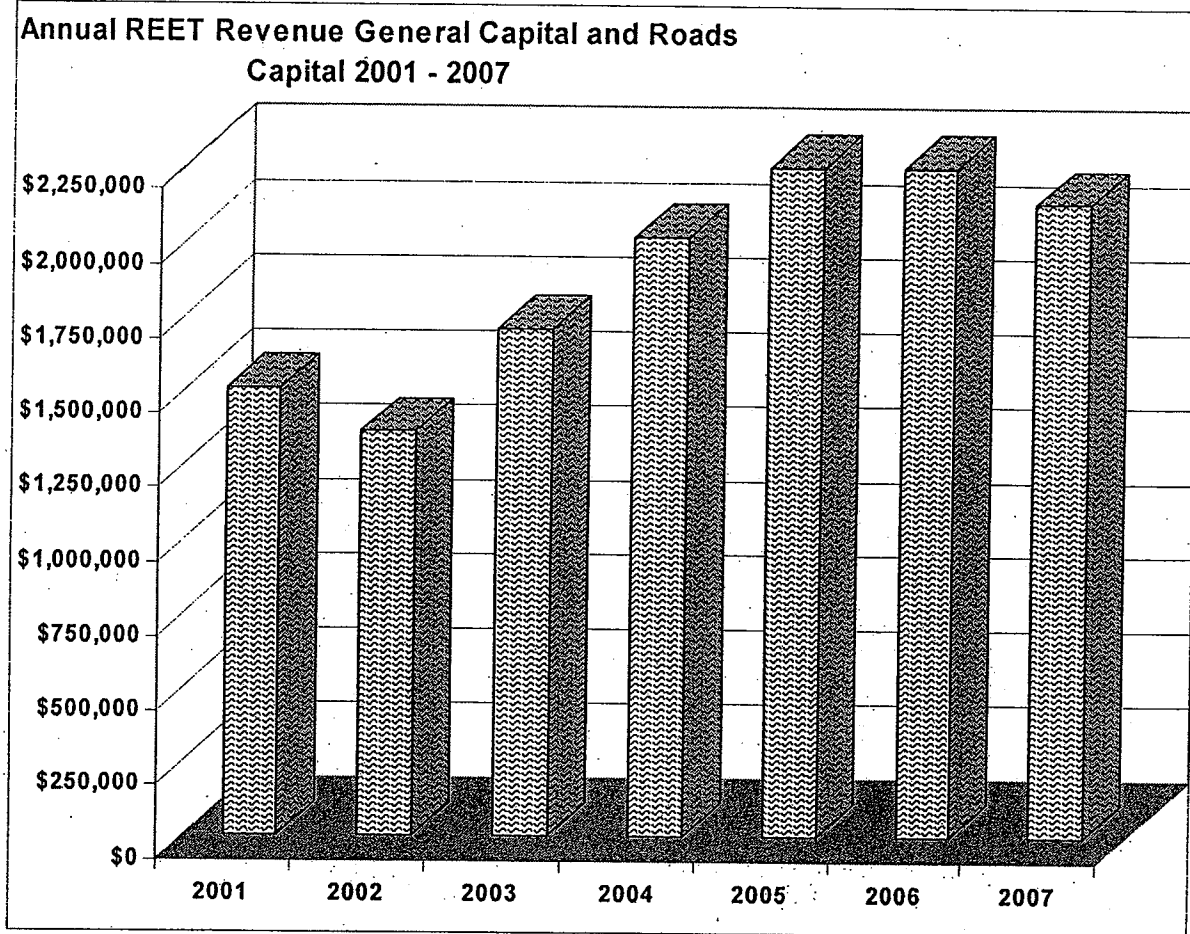
| General Capital Fund | 2007 Budget  | 2007 Projected | 2007 Actuals | 2007 Carryovers | 2007 Actuals + Carryover | \$\$ Variance | % Variance |
|----------------------|--------------|----------------|--------------|-----------------|--------------------------|---------------|------------|
| Revenues             | \$26,341,796 | \$5,079,056    | \$5,588,458  | \$307,012       | \$5,895,470              | \$816,414     | 16.07%     |
| Expenditures         | \$35,474,846 | \$13,883,857   | \$12,184,532 | \$1,916,166     | \$14,100,698             | \$216,841     | 1.56%      |

Actual revenues for 2007 were \$5,588,458 and 2007 carryovers were \$307,012 for total revenue of \$5,895,470. This is \$816,414 or 16.07% above projected revenues of \$5,079,056. The primary reason for the better than expected revenue is \$719,498 in unanticipated revenue from investment interest. The primary reason for the better than expected revenue is \$719,498 in unanticipated revenue from investment interest. Investment interest was primarily higher than projected because of major land purchases from the 2006 bond proceeds occurring later than originally projected. Real Estate Excise Tax (REET) collections were \$148,708 or 17.05% above projections.

The 2007 actual expenditures were \$12,184,532 and the 2007 carryovers were \$1,916,166 for a total 2007 expenditure of \$14,100,698. This is only \$216,841 or 1.56% over projected expenditures of \$13,883,857.

The 2007 ending fund balance is \$15,611,586. This includes all revenue and expenditure activity and the requested carryovers.

## REET Revenue

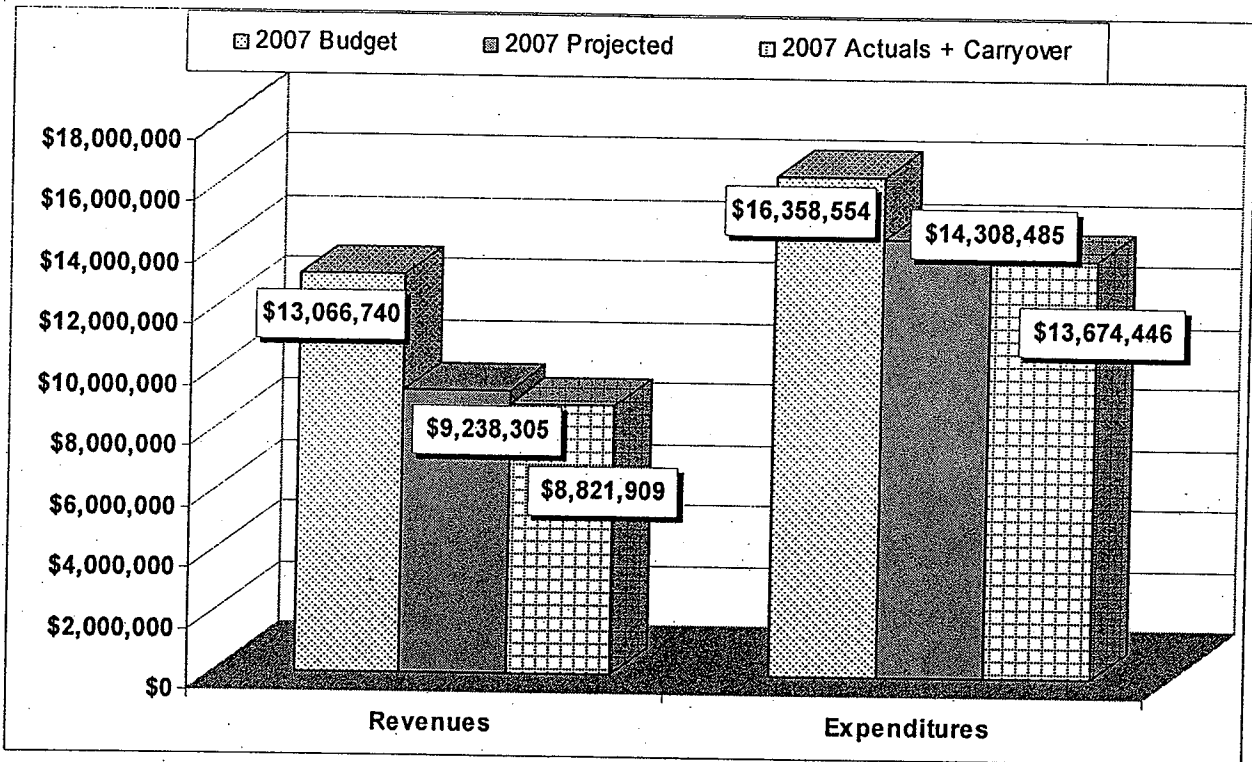


The City saw substantial growth in REET revenue between 2003 and 2006. During this time revenue grew by an astonishing 96.8% from \$1,359,470 to \$2,675,632. This is reflective of the "hot" real estate market and high number of home purchases that occurred during this time period. This trend has been experienced throughout most of the United States, and especially the Seattle area, until 2006, when sales nationally began to slow dramatically. In 2006 Shoreline saw its first decrease in REET revenue dropping by \$110,270 or 4.12% compared to 2005. This was Shoreline first negative comparative year since 2002. 2007 REET revenue declined even further dropping by \$433,946 or 16.92% from 2006.

In 2007 we saw the number of transactions decrease from 2006 by 359 or 18.6% to 1,555 sales transactions. For 2007 the total value of the real estate sales transactions decreased by \$70,337,409 or 13.9% to \$435,866,321.

REET revenue is distributed to both the Roads Capital Fund and General Capital Fund. In 2007 the distribution was \$1,065,708 to each of these funds.

## Roads Capital Fund



| Roads Capital | 2007 Budget  | 2007 Projected | 2007 Actuals | 2007 Carryover | 2007 Actuals + Carryover | \$ \$ Variance | % Variance |
|---------------|--------------|----------------|--------------|----------------|--------------------------|----------------|------------|
| Revenue       | \$13,066,740 | \$9,238,305    | \$8,365,226  | \$456,683      | \$8,821,909              | -\$416,396     | -4.51%     |
| Expenditure   | \$16,358,554 | \$14,308,485   | \$11,245,004 | \$2,429,442    | \$13,674,446             | -\$634,039     | -4.43%     |

Actual revenues for 2007 were \$8,365,226 and the 2007 carryover were \$456,683 for total revenue of \$8,821,909. This is \$416,396 or 4.51% below projected revenues of \$9,238,305. Revenues were less than expected due to project timing delays for grants, lower than expected investment interest (\$263,098 or 49.2%) and lower than expected fuel tax revenue (\$64,554). On the positive side REET revenue was \$148,708 or 16.2% better than projected.

The 2007 actual expenditures were \$11,245,004 and the 2007 carryovers were \$2,429,442 for a total 2007 expenditure of \$13,674,446. This is \$634,039 or 4.43% below projected expenditures of \$14,308,485.

The 2007 ending fund balance is \$5,844,344. This includes all revenue and expenditure activity and the requested carryovers.

**City of Shoreline**  
Investment Report  
December 31, 2007

The City's investment policy adheres to strict standards prescribed by federal law, state statutes, local ordinances, and allows the City to develop an investment model to maximize its investment returns within the primary objectives of safety and liquidity.

Our yield objectives are very important and, pursuant to policy, the basis used by the City to determine whether the market yields are being achieved is through the use of a comparable benchmark. Our benchmark has been identified as the annual average of the Washington State Local Government Investment Pool, which had been the City's primary mode of investment prior to adopting our Investment Policy. As of December 31, 2007, the City's investment portfolio, excluding the State Investment Pool, had a weighted average rate of return of 5.13%. This is slightly more than the 2007 average rate of return from the State Investment Pool of 5.09% by 4 basis points. Total investment interest earnings for 2007 were \$2,780,701, \$825,050 greater than budgeted.

During 2007 investment interest rates began to decline. In January 2007 the State Investment Pool rate of return was 5.21%. By December 2007 the State Investment Pool rate of return had fallen to 4.56%. We are continuing to see an on-going decline in overall interest rates, and therefore will need to monitor actual investment interest revenue generation throughout 2008 to see if budget projections should be modified.

As of December 31, 2007, the City's investment portfolio had a fair value of \$49,448,387. Approximately 36% of the investment portfolio was held in U.S. government instrumentality securities and 64% was held in the Washington State Investment Pool. The City's investment portfolio valued at cost as of December 31, 2007, was \$49,325,016. The difference between the cost and the market value of the portfolio represents either the loss or the gain of the portfolio if the City were to liquidate investments as of the day that the market value is stated. This would only be done if the City needed to generate cash. The City holds all of its investments until the scheduled maturity date, and therefore when the investments mature the principal market value should equal the cost of the investment. The City also holds sufficient investments within the State Pool to allow for immediate cash liquidation if needed. Investments within the State Pool can be liquidated on any given day with no penalty.

The City continued to implement a ladder philosophy in its investment portfolio throughout 2007 as maturities were matched with our future cash flow projections. A ladder portfolio approach helps assure that the City will, in the long run, receive a market average rate of return.

Much has been in the news lately regarding the distress in the mortgage and financial markets. The predominant issue in the mortgage market that is affecting the United States financial markets is the defaults related to sub-prime mortgages and the inability of some investment banks to sell mortgage backed investments. Sub-prime mortgages are those mortgage loans made to borrowers who do not qualify for the best market

interest rates because of their deficient credit history. Subprime lending is risky for both lenders and borrowers due to the combination of high interest rates, abusive loan terms used by some subprime lenders, poor credit history, and murky financial situations often associated with subprime applicants. As subprime borrowers began to default, because of interest rates on variable loans rising or just because they did not have the cash to make payments, subprime lenders started to fail and file for bankruptcy.

One of the major investment instruments used in the United States and throughout the rest of the world is "mortgage-backed securities". Mortgage-backed securities are a mortgages that have been sold by banks to investment banks or federally sponsored agencies such as Federal National Mortgage Association (FNMA – Fannie Mae) or Federal Home Loan Mortgage Corporation (FHLMC – Freddie Mac). Who then rebundle the mortgages and sell them to individual investors or investors in the stock market. Mortgage-backed securities can be a fairly safe investment, if there is little risk that the mortgage borrower will default on the loan, or they can be risky investments if there is a higher risk that the borrower will default, such as the case in sub-prime mortgages.

In order to sell the mortgage backed securities that included sub-prime mortgages the interest rates on those securities were raised to compensate the purchaser for the "risk" they were taking in buying the investment package. As borrowers of the sub-prime mortgages started to default investors were holding securities that had no source of repayment. Also as mortgage lenders and investment banks held mortgage backed securities they saw a dramatic decline in demand for these securities as investors did not want to take the risk that they would hold investments that would not be repaid. This led to the current financial crisis that resulted in the ability to produce capital for additional mortgage since major investment banks were holding securities that they couldn't sell, and many investors already holding existing mortgage investments were starting to see that they may not receive payment on their investments.

Some governments have purchased non-agency mortgage backed securities because their investment policies allow these types of securities in their portfolios. Often these types of investments will be found in long-term investment portfolios such as retirement funds. The investments usually provide a higher rate of return because of the risk that is taken. As stated earlier these non-agency mortgage backed securities may be considered low or high risk, depending on the underlying quality of the mortgage borrower. The City of Shoreline has not bought non-agency mortgage backed securities because of the focus of the City's investment policies on safety and liquidity before rate of return. At the same time, the City has purchased and currently has mortgage backed securities in its investment portfolio. These instruments have been purchased from FNMA, FHLMC, and the Federal Home Loan Bank (FHLB).

Although FNMA, FHLMC, and FHLB are considered federally sponsored agencies, their investment securities are not federally guaranteed. Even though this is the case, it is generally believed that if these agencies were to be in a position of default that the federal government would step in and back all of their investments. Also mortgage securities sold by these agencies are generally considered to be of high quality. Primarily because of the requirements that they have maintained in order to fund mortgages. This includes verifying borrowers incomes, requiring an equity down payment from the borrowers, and requiring borrowers to pay for mortgage insurance if

they don't make sizable down payments. Fannie Mae and Freddie Mac have also haven't gone as far as Wall Street did in accepting large amounts of loans that allow borrowers to make minimal payments in the early years, an arrangement that can result in a growing loan balance. It is primarily the "non-agency" mortgage securities that have been involved in the financial and housing crisis.

The City currently has 36% of its investment portfolio in these agency mortgage backed securities. We believe that these are quality investment instruments and that we will receive full payment of our investments at the time of maturity. Staff will continue to monitor the credit and housing market as future investment decisions are made.

The following page provides a summary of the City's investment portfolio as of December 31, 2007.

**LGIP Cash and Investment Balances**  
**December 31, 2007**

| <u>Instrument Type</u>    | <u>Settlement Date</u> | <u>Maturity Date</u> | <u>Investment Cost</u> | <u>Yield To Maturity</u> | <u>Market Value</u><br><u>12/31/07</u> | <u>Unrealized</u><br><u>Gain/(Loss)</u><br><u>as of</u><br><u>12/31/07</u> |
|---------------------------|------------------------|----------------------|------------------------|--------------------------|----------------------------------------|----------------------------------------------------------------------------|
| FHLB (Fed Home Loan Bank) | 02/16/07               | 08/25/08             | 1,199,641              | 5.1510%                  | 1,216,950                              | 17,309                                                                     |
| FHLB (Fed Home Loan Bank) | 12/26/06               | 12/26/08             | 1,000,000              | 5.1000%                  | 1,000,313                              | 313                                                                        |
| FHLMC (Freddie Mac)       | 01/26/07               | 06/23/08             | 1,183,920              | 5.2464%                  | 1,198,396                              | 14,476                                                                     |
| FHLMC (Freddie Mac)       | 10/01/07               | 10/01/10             | 3,000,690              | 4.9760%                  | 3,019,710                              | 19,020                                                                     |
| FHLMC (Freddie Mac)       | 07/19/07               | 07/02/09             | 1,999,938              | 5.3750%                  | 2,013,114                              | 13,176                                                                     |
| FNMA (Fannie Mae)         | 06/08/07               | 06/15/08             | 2,498,625              | 5.3050%                  | 2,508,594                              | 9,969                                                                      |
| FNMA (Fannie Mae)         | 09/05/07               | 01/30/09             | 1,981,200              | 4.9690%                  | 2,000,000                              | 18,800                                                                     |
| FNMA (Fannie Mae)         | 09/05/07               | 07/23/08             | 985,020                | 4.9601%                  | 993,983                                | 8,963                                                                      |
| FNMA (Fannie Mae)         | 07/19/07               | 06/19/09             | 1,000,580              | 5.3400%                  | 1,006,560                              | 5,980                                                                      |
| FNMA (Fannie Mae)         | 10/15/07               | 10/15/09             | 1,999,996              | 4.8750%                  | 2,014,375                              | 14,379                                                                     |
| FNMA (Fannie Mae)         | 01/26/07               | 01/29/09             | 790,000                | 5.3300%                  | 790,988                                | 988                                                                        |
| State Investment Pool     |                        |                      | 31,685,406             | 5.1232%                  | 31,685,406                             | 0                                                                          |
| <b>Sub Total</b>          |                        |                      | <b>49,325,016</b>      |                          | <b>49,448,387</b>                      | <b>123,371</b>                                                             |

Average Maturity Excluding the  
State Investment Pool (days)

499

Weighted Average Yield to  
Maturity Excluding the State  
Pool

5.1283%

Average Yield to Maturity State  
Investment Pool

5.0897%

Basis Points in Excess (Below)  
Benchmark

4

Note: Yield to Maturity for the State Investment Pool is a 12 month average.

Portfolio Diversification

| <u>Instrument Type</u>    | <u>Percentage</u> | <u>Amount at</u><br><u>Market Value</u> | <u>Amount at Cost</u> | <u>Broker</u>            | <u>Percentage</u> | <u>Amount at</u><br><u>Cost</u> |
|---------------------------|-------------------|-----------------------------------------|-----------------------|--------------------------|-------------------|---------------------------------|
| Certificate of Deposit    | 0%                | 0                                       | 0                     | Bank of America          | 18%               | 8,664,435                       |
|                           |                   |                                         |                       | Financial Northwest      |                   |                                 |
| FHLB (Fed Home Loan Bank) | 4%                | 2,217,263                               | 2,199,641             | Corp                     | 2%                | 985,020                         |
| FHLMC (Freddie Mac)       | 13%               | 6,231,220                               | 6,184,548             | Multibank Security       | 2%                | 1,000,580                       |
| FNMA (Fannie Mae)         | 19%               | 9,314,499                               | 9,255,421             | Piper Jaffray            | 14%               | 6,989,575                       |
| State Investment Pool     | 64%               | 31,685,406                              | 31,685,406            | State Investment Pool    | 64%               | 31,685,406                      |
| <b>Total Investments</b>  | <b>100%</b>       | <b>49,448,387</b>                       | <b>49,325,016</b>     | <b>Total Investments</b> | <b>100%</b>       | <b>49,325,016</b>               |

| <u>Fund</u>                    | <u>Investments at</u><br><u>Adjusted Cost</u><br><u>as 12/31/2007</u> | <u>Realized</u><br><u>Market Value</u><br><u>Adjustment as</u><br><u>of 12/31/2007</u> | <u>State Investment</u><br><u>Pool as of</u><br><u>09/30/2007</u> | <u>Total Investments by</u><br><u>Fund as of 12/31/2007</u> | <u>Investment</u><br><u>Earnings Budget</u><br><u>2007</u> | <u>Investment</u><br><u>Earnings</u><br><u>Actual 2007</u> | <u>Over/(Under)</u><br><u>Budget</u> |
|--------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------|
| 001 General                    | 5,570,099                                                             | 37,891                                                                                 | 20,535.63                                                         | 5,628,526                                                   | 391,355                                                    | 565,743                                                    | 174,388                              |
| 101 Street                     | 578,772                                                               | 4,300                                                                                  | 663,442.00                                                        | 1,246,514                                                   | 35,000                                                     | 62,923                                                     | 27,923                               |
| 104 Reserve                    |                                                                       |                                                                                        |                                                                   |                                                             |                                                            |                                                            |                                      |
| 107 Code Abatement             | 62,739                                                                | 710                                                                                    | 99,609.34                                                         | 163,058                                                     | 2,500                                                      | 10,287                                                     | 7,787                                |
| 108 Asset Seizure              | 68                                                                    | 25                                                                                     | 24,782.48                                                         | 24,875                                                      | 500                                                        | 1,148                                                      | 648                                  |
| 109 Public Arts                | 25,473                                                                | 909                                                                                    | 224,327.62                                                        | 250,709                                                     | -                                                          | 18,357                                                     | 18,357                               |
| 190 Revenue Stabilization      | 729,908                                                               | 6,835                                                                                  | 5,373,453.93                                                      | 6,110,196                                                   | 58,546                                                     | 135,999                                                    | 77,453                               |
| 201 Unlimited GO Bond          |                                                                       |                                                                                        | 133,625.05                                                        | 133,625                                                     |                                                            |                                                            |                                      |
| 301 General Capital            | 3,093,460                                                             | 20,018                                                                                 | 13,197,496.50                                                     | 16,310,974                                                  | 685,555                                                    | 981,411                                                    | 295,856                              |
| 312 City Fac-Mjr Maint         | 66,062                                                                | 758                                                                                    | 135,472.59                                                        | 202,293                                                     | 7,972                                                      | 12,267                                                     | 4,295                                |
| 330 Roads Capital              | 3,925,098                                                             | 16,178                                                                                 | 3,195,132.19                                                      | 7,136,408                                                   | 350,191                                                    | 271,746                                                    | (78,445)                             |
| 401 Surface Water Utility Fund | 2,846,182                                                             | 29,527                                                                                 | 7,500,137.59                                                      | 10,375,847                                                  | 372,500                                                    | 611,842                                                    | 239,342                              |
| 501 Vehicle Oper/Maint         | 76,535                                                                | 586                                                                                    | 8,804.94                                                          | 85,926                                                      | 1,250                                                      | 7,400                                                      | 6,150                                |
| 503 Equip Dep Replace          | 635,025                                                               | 5,339                                                                                  | 1,066,494.75                                                      | 1,706,859                                                   | 46,000                                                     | 97,221                                                     | 51,221                               |
| 505 Unemployment               | 30,190                                                                | 296                                                                                    | 42,091.16                                                         | 72,577                                                      | 500                                                        | 4,357                                                      | 75                                   |
| 605 Agency Fund Admin          |                                                                       |                                                                                        | -                                                                 | -                                                           |                                                            |                                                            |                                      |
| <b>Total Investments</b>       | <b>17,639,610</b>                                                     | <b>123,371</b>                                                                         | <b>31,685,406</b>                                                 | <b>49,448,387</b>                                           | <b>1,951,869</b>                                           | <b>2,780,701</b>                                           | <b>825,050</b>                       |