

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

<p><b>AGENDA TITLE:</b> 2003 Legislative Priorities <b>DEPARTMENT:</b> Communications &amp; Intergovernment Relations <b>PRESENTED BY:</b> Joyce Nichols, C&amp;IR Director</p>
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**PROBLEM/ISSUE STATEMENT:** The 2003 session of the Washington State Legislature begins January 13, 2003. This is a "long" session, running 105 calendar days. As we did for previous legislative sessions, staff has developed proposed policies for your review. These policies, once adopted by Council, will provide a set of statements and policy direction that staff will use to determine whether the City should support or oppose specific bills developed in the 2003 session.

The City of Shoreline needs to actively monitor and impact legislative proposals at the state level. Our success in advancing/defending the City's interests in Olympia is generally based on providing information to legislators and their staff to help them understand the impacts of pending legislation on our community. As in past years, we will work with the Association of Washington Cities (AWC), which has a bigger voice and greater presence in Olympia. On federal issues, we will continue to work with the National League of Cities (NLC) in a similar manner as we do with AWC on state issues.

Included for your review and approval is the 2003 Proposed Statement of Legislative Priorities (Attachment A). Most of the statements are relatively broad. Once adopted by Council, staff will use these general policy statements to produce letters and testimony in support or opposition to specific bills, and to respond to changes or amendments to legislation during the session. Key pieces of legislation that do not fit any of the adopted Council priorities will be brought forward during the session for specific review by Council.

**FINANCIAL IMPACT:** Much is at stake in this session. Legislators will be dealing with an estimated \$2 billion revenue shortfall for the 2003-05 biennial budget. The effects of the recession, slow economic recovery and soaring health care costs have dramatically reduced state revenues. The Governor's request budget, released in mid-December, dealt with the shortfall by recommending \$2.4 billion in spending cuts and no general tax increase. The two-year, \$23 billion General Fund budget uses a new approach to state spending called "Priorities of Government" which scrutinized state spending practices and resulted in a government-wide effort to identify citizens' highest priority services. The proposal provides no cost-of-living raises to state workers or contractors with the state, saving \$351 million. State employees, including teachers and college and university employees will pay a larger share of their health insurance costs if the proposal is approved by the Legislature. The proposal also cuts 2,500 full-time positions by fiscal year 2005, a savings of \$100 million in salary and benefit costs. Another proposal would save \$545 million by canceling cost-of-living adjustments for teachers and funding for a scheduled class-size reduction in the 2004-05 school year. This proposal effectively places a hold on spending authorized by voters in 2000 in two education initiatives. The Governor's budget also would end Basic Health Plan

coverage for nearly 59,800 childless adults and optional medical care programs for adult medicaid patients. The Governor's transportation budget includes \$3 billion in funding to preserve and protect existing transportation investments, finish projects currently underway and address traffic flow on dangerous highways.

A summary of issues recommended as high priorities for the City in the coming legislative session include the following:

- Support legislation to reduce and/or eliminate state-imposed mandates and program responsibilities; seek reimbursement for existing mandates and expand opportunities for increased efficiencies in local government.
- Support legislation that increases options for increasing local government revenues and protecting existing revenue sources (e.g., formation of a street utility, tax increment financing, and levy lid lifts).
- Support legislation that reduces or eliminates funding restrictions requiring local governments to spend money on lower priority programs while higher priority programs are being cut.
- Support City participation in redevelopment of the Fircrest Campus if the Legislature approves consolidation of the Residential Habitation Centers from the existing five to three and this consolidation leads to closure of Fircrest.
- Oppose expansion of gambling activities by the state that impact local governments but do not allow input from the jurisdictions affected.
- Oppose expansion of gambling activities by the state that do not provide for adequate revenue-sharing between the state and local governments.
- Oppose reductions in the maximum tax rate on mini-casinos and other gambling activities.
- Support changes in legislation for the Regional Transportation Improvement District to allow King County to develop its own list of projects to send to voters in the event Pierce and Snohomish Counties are unable to gain support for RTID in their jurisdictions.
- Oppose legislation that reduces or changes transportation funding and revenue sharing between the state and cities.
- Strong support for legislative action to increase state funding for a balanced transportation revenue package that provides additional revenue to cities to fund large-scale projects that relieve congestion on regionally significant roads.
- Support legislation granting King County authority to impose utility taxes in unincorporated areas if King County acts to deal with "urban subsidy" issues and a better definition of King County's role as a regional service provider.
- Monitor proposed cuts in health/human services programs that reduce the safety net for our most vulnerable residents and/or that shift costs and responsibilities for these programs to cities without appropriate funding to carry out the program or service.

### **RECOMMENDATION**

Staff recommends that Council adopt the proposed 2003 Statement of Legislative Priorities.

### **Attachments**

A: 2003 Proposed Statement of Legislative Priorities

Approved By:        City Manager  City Attorney 

## City of Shoreline 2003 Proposed Statement of Legislative Priorities

During 2003, the City of Shoreline shall support or oppose legislation at the state and federal levels in accordance with the following policies:

### **I. Self Government**

#### **Local Control**

Requests the Legislature to give local elected officials maximum flexibility in addressing the needs and desires of their communities and to allow them to have a major voice in determining the nature, scope, and funding of local programs and services.

#### **Mandates**

- Supports adequate funding for existing mandated programs.
- Opposes efforts to reduce funding for mandated programs while leaving program requirements.
- Opposes additional state and federal mandates on local governments unless such mandates are compelled by a significant public interest and are accompanied by sufficient financial resources.

### **II. Infrastructure and Capital Financing**

(Infrastructure includes roads, storm water systems, treatment facilities, water systems, sanitary sewer systems, parks, etc.)

#### **Federal and State Capital Assistance**

1. Strongly supports maintaining existing infrastructure funding, including the Public Works Trust Fund, and placing a priority on stable, adequate funding for transportation, storm water, water supply, and water quality facilities.
2. Strongly supports a comprehensive legislative approach addressing how the state will help fund needed capital facilities, especially transportation related infrastructure. A comprehensive approach is essential given that five state/federal highways are located in Shoreline—I-5, Highway 99 North, Bothell Way (SR 522) 145<sup>th</sup> and 205<sup>th</sup>.

#### **Parks and Recreation**

Supports legislation that establishes an ongoing capital funding program for the acquisition, development, and/or rehabilitation of local park and recreation facilities, and that allows for public-private agreements.

### **III. Transportation**

#### **Transportation Funding**

1. Strongly supports additional state and federal funding for the Aurora Avenue North and Interurban Trail projects.
2. Strongly supports a balanced transportation revenue package that provides additional revenue to cities for transportation financing, particularly to address local road preservation and maintenance needs.
3. Strongly supports state funding for capital improvements to state highways and roads located inside cities, including funds for mobility, safety and drainage improvements as part of the base budget for transportation projects.
4. Supports legislation to allocate revenue to assist local governments in financing large scale projects that are essential to economic development and relieve congestion along regionally significant transportation routes.
5. Supports the Transportation Improvement Board (TIB) and recommends continued funding for the Transportation Improvement Account. Shoreline will be applying for funding from these programs for street and sidewalk improvement projects on our six-year Capital Improvement Projects list.
6. Supports legislation indexing the motor vehicle fuel tax (to inflation) to allow revenue to keep pace with inflation and to address increasing demands on the transportation system.

Shoreline's 2003 projected gas tax revenue is approximately \$1.13 million, which provides funds for our street maintenance budget.

7. Supports legislation requiring state agencies as well as special purpose districts to update and coordinate their policy and capital plans to be in conformance with those adopted locally under the Growth Management Act. (This policy statement also appears under section IX—Fircrest.)
8. Supports funding for public transportation and development of alternative transportation systems including pedestrian and bicycle facilities

#### **IV. Municipal Finance**

##### **Shared Revenue Programs**

Support legislation that protects existing revenues for local government and provides flexible revenue options for local government. Some of these options could include: authority to form a street utility; tax increment financing mechanisms; reducing the frequency of levy lid lift ballot measures to allow voters to approve multi-year levy lid lifts; and loosening restrictions on usage of the current Real Excise Tax (REET) to allow use for all capital purposes.

##### **Electronic Commerce**

In 1998 Congress enacted the Internet Tax Freedom Act. The Act imposed a three-year moratorium on federal, state and local taxation of Internet access charges and electronic commerce. The moratorium was in effect until October 2001 and prevented state and local governments from collecting legally-owed sales and use taxes on goods and services purchased from out of state retailers or through electronic commerce. The 2001 session of Congress passed a bill to extend the moratorium for two years. While this legislation was an improvement over other versions of the bill, it does not include provisions favored by cities to allow collection of these legally-owed sales and use taxes. The City of Shoreline advocates preserving and protecting state and local government tax authority when negotiating with the federal government on such matters as collecting legally-owed sales and use taxes on remote sales. There is a proposal to simplify and streamline the collection of state sales and use taxes. Washington state is participating in this process. The City is following this process and supports a system that allows collection of legally-owed sales and use taxes on goods and services purchased from out of state retailers or through electronic commerce.

##### **Local Taxing Authority**

Shoreline strongly opposes legislation that would: preempt or reduce the tax rate and/or the local authority to tax gambling activities; expansion of gambling types and forms allowed by the state that could impact local jurisdictions with no opportunity for input from the affected jurisdictions; and expansion of gambling activities by the state that do not provide an equitable sharing of revenue between the state and local governments.

##### **Fiscal Notes**

Supports requiring the state Department of Revenue to expand its fiscal notes to include the impacts on local government—including any disproportionate impact on specific cities.

Currently, fiscal note analysis includes local government impacts in gross figures only which can mask disproportionate impacts of proposed legislation (e.g., proposed sales and use tax exemptions) on certain geographic areas of the state or on border cities. This change would provide legislators more information about negative revenue impacts of proposed legislation.

##### **State Facilities**

Strongly urges the legislature to reimburse cities for services provided to state facilities and for capital improvement costs necessary to serve state facilities and/or programs located in cities, such as group homes.

##### **County Utility Tax Authority**

Support legislation granting King County authority to impose utility taxes in unincorporated areas if King County acts to deal with "urban subsidy" issues and a better definition of King County's role as a regional service provider.

#### **V. Health and Human Services**

##### **Human Services Funding**

1. Strongly urges the congress, the legislature and the county to meet their long-standing funding responsibility for vital human services, to address emerging needs, and provide replacement revenues to cities for programs formerly funded by the federal government.
2. Urges the state to carefully monitor how welfare reform places new social services burdens on local governments, and to provide adequate funds to local governments to make new initiatives succeed, and not result in a cost-shift to cities and counties.

#### **Family, Children and Youth Services**

1. Urges the legislature to adequately fund health and welfare programs for children.
2. Supports affordable child care, including before and after school programs, in recognition that affordable, accessible child care is essential for family economic self-sufficiency and children's health, growth and development.
3. Supports legislation that allows the blending of funds from a number of sources to provide effective state funded services to children and families.
4. Supports legislation and funding for youth involvement programs, e.g., after school/evening educational and activity programs for adolescent and teen-age youths, in recognition of the demonstrated benefits these positive, supervised activities can provide.
5. Supports continued funding for the Community Public Health and Safety Networks which Provides funding for local human services in Shoreline (e.g., Healthy Start abuse prevention program) and advocates for state-funded human services that respond to local needs and priorities; and for the Family Policy Council which coordinates activities of state agencies that provide child and family services.
6. Supports coordinated services for domestic violence victims that include additional funding for housing and shelter, prevention services, training for law enforcement personnel, and other services designed to break the cycle of domestic violence.

#### **Services for the Elderly**

Supports semi-independent living opportunities that allow the elderly to remain in their communities.

#### **Services for the Developmentally Disabled**

Supports programs to assist the developmentally disabled.

#### **Siting Social Services Facilities**

Supports legislation to include local governments in the decision-making process for siting state social services facilities in their communities.

### **VI. Law and Justice**

1. Strongly supports remedial legislation to limit liability for local governments that provide probation and pretrial services. This issue arose out of a state Supreme Court decision earlier this year significantly extending the liability of local governments for supervision of criminal defendants in a misdemeanor probation or pretrial release program. The Court held that municipal employees who have supervisory authority, and their employers, have a duty to protect the public from dangerous acts by offenders under their supervision. The problem created by this decision is it makes local governments liable for the acts of probationers without the ability to revoke probation, which rests with the courts. Without legislation limiting the liability in these cases, alternatives to jail could be too risky to maintain.
2. Supports legislation to allocate funds to local governments when the state increases criminal penalties that require additional jail time, or when new laws require additional police, court, or jail services. Increases in jail time for certain categories of crimes amount to unfunded mandates and can increase jail costs with no offsetting revenue.
3. Urges legislature to seek innovative and cost-effective solutions to relieve overburdened courts, law enforcement agencies, and jails.
4. Urges state and federal governments to provide technical and financial assistance to local governments for alternatives to incarceration, such as electronic home monitoring and more effective treatment, prevention and transitional programs. These programs can be effective in reducing jail costs and the number of repeat offenses, and controlling other criminal justice system costs.
5. Supports legislation that promotes a more effective statewide court system and that any court reform measures carefully evaluate the impact on local courts and local governments.

## **Juvenile Justice Services**

Encourages the legislature to provide sufficient funds for local governments to initiate and expand youth services to divert juveniles from the juvenile justice system.

## **VII. General Government**

### **Liability**

Supports legislation to exempt cities from joint and several liability for the acts of other persons at fault. In certain circumstances, cities can be held jointly and severally liable for acts of third parties—even if the other party acted intentionally. Where a city may be minimally at fault, it may have to pay 100 percent of the damages if the other party at fault is without funds.

## **VIII. Economic Development and the Growth Management Act**

### **Economic Development**

1. Supports amending the state constitution to permit local governments to enter into public-private partnerships which are not in conflict with the “lending of credit” restrictions in the state constitution (which prohibits the state from lending or giving funds to private persons who are not poor or infirm). Current restrictions put Washington cities at a disadvantage when trying to support economic development opportunities using public-private programs to finance infrastructure improvements in support of urban redevelopment.
2. Supports legislation establishing capital assistance programs to help cities finance economic development related local capital projects.

### **Growth Management Act**

1. Supports legislation that further defines, coordinates, simplifies and streamlines land use decisions and permitting under the Growth Management Act (GMA) as well as the State Environmental Policy Act and the Shorelines Management Act. We support legislative action to streamline these laws to address conflicting language, in some cases overlapping public notice requirements, and redundancies, in order to simplify the administrative requirements on local governments.
2. Urges the legislature to fully fund any new planning and/or regulatory mandates (e.g., new administrative rules for Shoreline Management Act).
3. Strongly supports retention of the right of cities to assume water/sewer districts, consistent with the GMA, without requiring a vote of all district residents.
4. Strongly supports full state funding of the significant costs and analysis required for “buildable lands” inventories that six counties—and the cities within them—must perform.
5. Strongly opposes further attempts by the Legislature to impose sanctions or penalties on cities not meeting their growth targets/housing production goals. Holding cities responsible for market-influenced factors outside their control is counterproductive to meeting the intent of the GMA.
6. Supports legislation to enhance local flexibility to fairly assess impact fees upon new growth, as well as upon expanded public facilities of regional or statewide significance.
7. Supports legislation requiring mitigation of the impacts to cities caused by state or agency actions around the siting of public facilities of regional or statewide significance, such as Fircrest.

### **Affordable Housing**

Supports legislation that assures current affordable housing subsidies available to local governments are retained in law, and supports authorization of a permanent, stable funding source for affordable housing that allows people with middle and low incomes entry into the housing market (i.e., State Housing Trust Fund Grants).

## **IX. Energy, Utilities and Telecommunications**

### **Energy**

Strongly supports meaningful participation by cities in state and federal actions relating to the development, planning, conservation, deregulation, allocation, and utilization of energy resources in the Northwest.

### **Electric Energy Restructuring**

1. Strongly opposes legislation unfairly shifting costs to specific customer classes, particularly

residential, low income and small commercial customers.

2. Supports legislation ensuring local government authority to serve as “aggregators” for their residential, small commercial, or institutional customers, or to participate in aggregation groups. (In a deregulated energy industry, cities could form large groups of consumers to get better electricity rates than if they were to act alone. This aggregation authority is included in the City’s agreement with Seattle City Light as a means for Shoreline to maintain an 8% cap on power rate differentials in a deregulated environment.)
3. Opposes legislation that would allow locally produced power to leave the state in search of a higher price to the detriment of the local customer.

#### **Telecommunications**

1. Supports active participation by local governments in state and federal actions regarding wireless communications, cable television and broadcast satellite.
2. Strongly supports legislation affirming and protecting the City’s ability to manage its rights-of-way and publicly-owned infrastructure—some of the City’s most important assets—with specific authority to regulate how, when and where facilities are located and require utilities to bear the cost of relocating their facilities in the rights-of-way for needed public improvements.
3. Strongly supports legislation recognizing the responsibility of the telecommunications industry to assume appropriate legal liability due to its presence in City rights-of-way.

#### **Utility Taxation and Franchise Authority**

1. Monitor legislation equalizing taxing authority between municipalities that own utilities and those that do not. Shoreline is provided utility service by another City in three critical areas; electricity (100% of the City), water (60% of the City), and wastewater (30% of the City). For most cities in the state, utility tax revenues are a key source of revenue for ongoing operations. Shoreline residents served by Seattle utilities currently pay tax to Seattle’s general fund making it difficult for Shoreline to utilize this revenue source. Shoreline’s franchise agreement with Seattle City Light address this concern with respect to electrical services. Legislative cooperation between Seattle and Shoreline is an integral part of this agreement.
2. Strongly supports legislation recognizing that local franchising authority needs to be protected and asserted over all utilities on an equal basis which would allow cities to regulate activities of utilities operating inside their boundaries. Some telecommunications companies are asserting that they are exempt from municipal franchising authority. This recommendation seeks clarification that cities have uniform authority to manage their rights-of-way through franchises.
3. Strongly supports preservation of taxing authority and the right to compensation for costs incurred by cities as a result of the presence of telecommunication facilities in city rights-of-way, including full recovery of permitting and other administrative costs.

### **X. Environment**

#### **Clean Water**

Supports flexibility in the administration of state and federal clean water regulations to achieve a balance between meeting environmental objectives and the financial costs of compliance.

#### **Water Resources**

1. Supports flexible regional planning for water resources and water supply that includes affected parties, including cities, and that when initiated, provides clear direction for the state in making decisions affecting water rights, natural resource protection and overall allocation of the state’s waters.
2. Supports legislation clarifying the state’s water resource laws and policies to reflect a balance between in-stream uses (fish, wildlife, recreation), and out-of-stream uses (municipal water supply, hydroelectric power, irrigation), and encouraging state agencies that implement and enforce water policies to coordinate with each other and with local governments.
3. Supports clarification of applicable statutes, rules or policies that better define and describe the nature and duration of municipal water rights, including assurances if water is conserved, cities will not lose rights to that water through regulatory or judicial action.
4. Supports continuous evaluation and monitoring of the 1998 legislation authorizing flexible watershed-by-watershed basin planning.

## **Solid Waste**

Supports equal and fair involvement of cities in coordinated solid waste planning and funding distribution.

## **Sanitary Sewers**

Supports equal and fair involvement of cities in coordinated planning for sanitary sewers, facility distribution and water source issues related to sanitary sewers.

## **Endangered Species Act (ESA) Funding and Policy**

1. Supports provision of significant and ongoing funding assistance to local governments by the state legislature and federal government to assist cities as they respond to current and pending ESA listings. This assistance should include direct grants of federal and state money to cities located in territory covered by potential ESA listings to develop necessary scientific knowledge, habitat conservation plans, and habitat restoration projects to respond to ESA listings of salmon.
2. Supports city involvement in financing and decision-making regarding policies, plans and projects developed to respond to the ESA at a local, regional and state level.
3. Supports ongoing evaluations of the actions of federal, state and local efforts to address ESA issues to ensure that the fish are being recovered and economic development, especially in urban areas, is considered in salmon recovery efforts.

## **XI. Fircrest**

Fircrest is an approximately 90-acre site, owned by various state agencies. It includes several public uses, such as the Fircrest School for the Developmentally Disabled, Health Laboratories, Washington State Patrol, and the Food Lifeline/Food Bank. Under the Growth Management Act, state agencies are required to comply with local land use plans. However, there is currently no requirement that a state agency proposing a change in the day-to-day use or operations of one of its facilities—a change that could have a major impact on surrounding uses—include the local jurisdiction in the decision-making process. At present, there is no requirement that major state facilities located within cities provide mitigation to the local jurisdiction(s) for the provision of services or infrastructure improvements needed to serve the state facility. The City incurs costs to serve Fircrest—e.g., police services and transportation system maintenance costs—and receives no compensation for these service impacts from the state agencies housed on the Fircrest Campus.

Additionally, there is a recommendation from the Joint Legislative Audit and Review Committee of the State Legislature that the state consider consolidating the residential habitation centers—one of which is Fircrest—from five to two centers. Fircrest is one of the two centers recommended for closure. There will be discussions in the 2003 session about whether to close one or two RHC's, how that would be accomplished and what the impacts of closure would be.

Shoreline should be a participant in those discussions and the discussions of potential future uses of the Fircrest campus.

The following proposed statements of policy are intended to address these issues and concerns:

1. Strongly supports continued authority for cities to plan for all land within their boundaries, and for the compliance of state agencies with those resultant plans, development regulations and implementation strategies.
2. Strongly supports a balanced proposal for consolidation of the RHC's and proposals that would allow City participation in the redevelopment of the Fircrest campus that is consistent with the City's economic development goals.
3. Strongly urges legislation to reimburse cities for services provided to state facilities and capital improvement costs necessary to serve state facilities within city boundaries.
4. Supports legislation requiring state agencies as well as special purpose districts to update and coordinate their policy and capital plans to be in conformance with those adopted locally under the Growth Management Act.