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CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF WORKSHOP MEETING

Monday, June 21, 2004
6:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Hansen, Deputy Mayor Jepsen, Councilmembers Chang, Fimia, Grace, Gustafson, and Ransom

ABSENT: none

1. CALL TO ORDER

The meeting was called to order at 6:35 p.m. by Mayor Hansen, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Hansen led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS: none

4. COUNCIL REPORTS

Councilmember Ransom reported on his attendance at the Association of Washington Cities Conference. He pointed out that he, Councilmember Chang and Mayor Hansen have all received the municipal league achievement award for attendance at AWC various workshops.

5. PUBLIC COMMENT

(a) Alan Sharrah, Director of Operations for Frank Lumber, said many businesses, property owners and citizens are opposed to the North City project as proposed. He said although the Council has made decisions in good faith based on available information, the Council should now consider the many voices opposing the project. He presented the Council with 140 petitions from business owners and concerned citizens who feel the project will negatively impact them. He urged the Council to reconsider its decision, noting that reducing the number of traffic lanes from four to two will not enhance pedestrian safety.

(b) Carol Christensen, Shoreline, expressed opposition to the building permit review process for the proposed development at 19027 Richmond Beach Drive NW. Contrary to the Planning Director's opinion of applying the aggregate setback option contained in Shoreline Municipal Code Section 20.50.040(F), she said the City should apply [Comprehensive Plan Shoreline Management Element] Policy #47, which states that setbacks for residential development should align with existing setbacks of the residents on each side of a given development. She felt aggregate setbacks do not provide a public benefit, and also felt the building would not be allowed to extend further to the west due to slope failure. She said the Planning Department must follow all City codes and ensure that new homes are in scale and character with the surrounding neighborhood.

(c) Ramona Graham, Shoreline, thanked the Council for financially supporting the Center for Human Services Substance Abuse program. She said it provides services for many Shoreline citizens who would otherwise not be able to receive treatment.

(d) Vicki Stiles, Director of the Shoreline Historical Museum, thanked the Council for its past support of museum activities. She invited the community to visit the Smithsonian exhibit "Yesterday's Tomorrows: Past Visions of the American Future" at the museum from June 26 through August 7. She also invited the Council to attend the gala event on June 30.

(e) Ros Bird, Executive Director of the Shoreline/Lake Forest Park Arts Council, outlined the many events that would be part of the Shoreline Arts Festival this weekend. She thanked the City for its financial support of the Arts Council, particularly the Showmobile, which will make its debut at the festival.

Responding to Councilmember Fimia, Tim Stewart, Planning and Development Services Director, explained that the permit application proposes to use the City's aggregate setback standards to move the home five feet closer to the street and decrease side yard setbacks. He said if the optional setback standards are not utilized, the building could be extended 40 feet further to the west, thereby seriously impacting the views from the adjacent properties. He said staff feels there is a benefit to utilizing that code provision. He said the second major area of concern by neighbors involves the height of building, which is consistent with the zoning district standards. He noted that the permit would only be issued if it meets all development code standards.

Councilmember Fimia said the public is often frustrated with the fact that general protections in the code actually have very little power when applied. She noted that one of the design guidelines is to ensure the physical characteristics of new houses are compatible with the neighborhood, but the proposal will substantially change the character of that neighborhood. She felt the department has discretion in asking for a design that is more compatible with existing development.

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Mr. Stewart explained that the Planning Commission, the Council, and the public extensively debated single-family design guidelines. However, ultimately, the Council decided not to adopt rigorous design standards. He further noted that Section 20.50.060 establishes the purpose of the design standards, which relate to dimensional requirements, lot width/ area, setbacks, building height, and site planning. These are standards in which the City cannot exercise discretion. He cited a court decision that differentiated between policy and development standards, which must be followed. He said additional standards could be implemented through a Development Code amendment.

Councilmember Fimia felt there was a clear contradiction between the policy and what the applicant is requesting. She hoped the department would err on the side of the policy rather than changing the character of the neighborhood through such a precedent.

Mr. Stewart reiterated that the well-established principle of law says specific design standards override general policy. Therefore, the City has very little discretion if specific standards are met.

Deputy Mayor Jepsen asked for further clarification of Councilmember Fimia's concerns, noting that he has not received enough information to determine whether the design is setting an adverse precedent.

Councilmember Fimia said her main concern is the size of the house compared to the size of the lot, as well as its proximity to adjacent houses. She felt such a design could substantially change the character of the neighborhood to bigger houses on smaller lots.

Noting that Council is not the decision-making authority in this case, Deputy Mayor Jepsen requested additional information relating to height, size, and proximity anyway so Councilmembers are at least familiar with the specific issues.

Mayor Hansen felt it would make more sense to have a statement of purpose such as is found in Section 20.50.060 in the front of the Development Code, to be followed by all the more specific regulations. He suggested this might be a technical amendment in the future.

Mr. Stewart explained that the original proposal included an entire section on design standards. However, after much discussion and debate, the decision was made not to include design standards as part of the regulations. So all that was left was this statement of purpose and two other small items, which remained in the same location in the Development Code as the longer section had been. The proposed design standards then became guidelines that are distributed to the public.

Councilmember Fimia asked if Mr. Sharrah would provide additional information on the types of improvements the merchants in North City would support.

Councilmember Ransom noted that the North City Business Association was the driving force in initiating improvements to North City. He described the extensive public input

process for the past five years and wondered why Frank Lumber had not provided any comments or criticism on the project until now. He questioned why businesses did not protest earlier the comments of the North City Business Association if they felt their views were not being represented.

Councilmember Gustafson concurred, noting that the majority of comments received to this point have been very positive.

Deputy Mayor Jepsen said he would like to know what process was used to obtain signatures from North City businesses on the protest letters.

Councilmember Fimia said although late comments can be frustrating, it is not uncommon for people's assumptions to be different from what is actually being discussed. She said people probably did not imagine the City would reduce 15th Avenue NE from four to three lanes.

Mayor Hansen reiterated that the public input process for North City has been extensive and inclusive.

Mr. Burkett noted that three-lane roads are shown to be safer for pedestrians than four-lane configurations.

Councilmember Ransom said one of the reasons he made Frank Lumber aware of the proposed changes is because he opposed the three-lane configuration, but Frank Lumber did not respond. He also felt that a three-lane road without bus turnouts would create major congestion problems because cars must wait for slower moving buses during rush hour.

Mayor Hansen noted that he initially opposed reducing NE 185th Street to three lanes, but he changed his opinion when accident statistics indicated it had become a safer street. He said traffic studies indicate that odd-numbered lane configurations are much safer than even-numbered configurations.

6. WORKSHOP ITEMS

(a) 2005 Budget Strategy and I-864 Options

Mr. Burkett and Debbie Tarry, Finance Director, provided an update of the City's financial status and presented proposals for addressing future budget shortfalls. The City's preliminary 2005 budget forecast projects an operating budget gap of \$600,000. The City's long-term financial projections indicate that the operating budget gap will grow in future years due to the continued slow growth in sales tax revenues and the impact of previous initiatives limiting property tax revenue growth to one percent or less. In addition to the projected budget gaps, Tim Eyman has developed a new initiative (I-864) that would reduce local government property tax levies by 25 percent starting in 2005. This equates to an additional \$1.7 million loss of revenue for the City of Shoreline.

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The combination of the operating budget gap and the possible passage of I-864 would amount to an 8.5 percent (\$2.3 million) Operating Budget shortfall in 2005.

Mr. Burkett reviewed his preliminary recommendations to address these budget issues, which include: a 6 percent utility tax on the Surface Water Utility; increasing certain recreation fees; reducing the department base budget targets by one percent; pursuing a revenue-generating regulatory business license program; and increasing the franchise fee to Seattle City Light for the distribution portion of the service

He explained that if I-864 appears on the November ballot and passes, he would propose a levy lid lift in the spring of 2005 to replace the \$1.7 million the City would lose as a result. He pointed out that the City's revenue is already restricted due to passage of I-747, which limits the amount of property taxes the City can collect to one percent growth. This means that as the total assessed valuation increases, the tax rate decreases. Under I-864, the tax rate is projected to decrease to \$1.00 per thousand assessed valuation by the year 2010.

Continuing, he explained that the City has always reduced expenditures to respond to decreasing revenues, and while the City is in good financial condition with 30 percent reserves, reserves should not be used to solve long-term budget problems.

Councilmember Ransom wondered if following a levy lid lift, the levy base would revert to the base that existed before the levy lid lift was in place or if it would be just the previous year's levy, which included the levy lid lift. Staff speculated that the new levy base would be the same as the previous year's levy, but said they would research the issue and provide additional information to Council later. Ms. Tarry explained that levies can include escalators based on the Consumer Price Index (CPI) to adjust for inflation. Mr. Burkett noted that the determining factor for a levy is the rate itself, which must be specified in an election.

Councilmember Fimia wondered if increasing the City's rate would prevent the school district and fire district from doing the same due to a cap on the total rate. Ms. Tarry said it would only affect other entities if the City exceeded its statutory rate of \$1.60 per thousand assessed valuation.

Councilmember Chang assumed everyone would ask for the maximum rate if the City chooses to do a levy. It was noted that the fire district could actually exceed their statutory rate if other entities are below their statutory rates.

Mayor Hansen noted that the cumulative cap is \$3.60, but this can be exceeded if voters approve.

Councilmember Fimia was surprised to learn how much people pay in utility taxes relative to other taxes (Ms. Tarry estimated the utility tax revenue to be approximately 75 percent of the sales tax revenue). Councilmember Fimia expressed concern about the cumulative impacts on low-income residents and those living on fixed incomes.

Mr. Burkett said although there is no “easy tax,” Shoreline ranks in the bottom 20 percent of cities in King County for the amount of money collected per capita for city services. He clarified that there is a higher property tax burden on residents in Shoreline due to the lack of a business/commercial base.

Councilmember Grace noted that there are some utility discounts for low-income seniors.

Deputy Mayor Jepsen called attention to the complexity and interrelationship of financing City services. He felt the City has done a good job balancing revenues and expenditures among the various City funds, noting it has avoided the massive layoffs and program cuts that other cities have experienced. He emphasized the fact that the City only receives about 10 percent of the property tax collected in Shoreline, with the other portions going to the state, fire, school district, library, and port. He advised caution in proposing a property tax levy, noting it would be “miserable” for residents if all taxing districts decided to propose a levy at the same time. He felt the City should carefully coordinate with these agencies and understand how each provides services, both locally and regionally.

Councilmember Chang asked Mr. Burkett what tax rate and escalation would be considered ideal for Shoreline at this time. Mr. Burkett was not sure what the Council would consider “ideal,” but noted that a 10-cent increase in the tax rate would yield about \$500,000 annually. He said staff would provide recommendations to Council. Councilmembers can then determine the ideal situation. Councilmember Chang said he would like to see what the rate would need to be enhance the street overlay program or build new sidewalks around schools and parks.

Mr. Burkett then talked about ways the City has limited expenditures in the past few years, including changes in the canine services contract, janitorial services, street maintenance, employee health insurance, and jail costs...

Councilmember Ransom had reservations about increasing recreation fees on adult programs, which have already experienced increases in the past. He felt that adult programs already pay more than their fair share. He also felt that increased recreation fees might prevent teens and others from participating.

Councilmember Gustafson described the high cost of participation in school athletic programs, adding that the trend is for the participant to pay the costs as opposed to the general public. He said although he is concerned about potential increases in recreation fees, they are fair because they are user-based fees.

Councilmember Grace felt the Council should focus on the items that have the greatest potential for savings, such as department reductions. He suggested that departments use the Council’s priority-setting exercise, citizen surveys, and community feedback in establishing their budgets. He also wondered if there were grants or other funding sources available for recreation programs.

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Dick Deal, Parks, Recreation and Cultural Service Director, said the City has been successful in acquiring grants for recreation programs. He was confident the City would continue to pursue any funding that may be available. He felt that enhanced marketing could increase participation, and that some facility rental fees could be raised to generate additional revenue.

Mr. Burkett noted that revenue from fees totals \$700,000 of the total \$1.7 million in Parks department expenditures. He said every jurisdiction must decide how much program users should pay versus general taxpayers.

Councilmember Fimia stressed the need to consider all non-essential expenditures, including some department's administrative costs, travel, consultants, and membership dues. She felt it was unfair to ask the public to pay increased user fees when City funds are used to cover staff's memberships dues. She felt it would be helpful to have a report outlining individual department budgets for things like consultants and travel. She suggested the City could save money by sharing consultants with other jurisdictions and by using local expertise. She also felt that some non-essential components of the City's major projects could be deleted. She also felt there was a relationship between citizen initiatives and the perception that people are not getting value for the services they fund. She felt the City should carefully scrutinize its own budget before asking the taxpayers for more money through levies and fee increases.

Mayor Hansen pointed out that a majority of Shoreline voters did not support the statewide initiatives. He also explained the difference between the operating budget and capital budget, noting that capital funds cannot be used to cover operating expenses.

Deputy Mayor Jepsen felt the Council should clearly articulate the fact that both capital and operating budgets have specific funding sources and restrictions on expenditures.

Continuing his presentation, Mr. Burkett explained his proposals for a 6 percent utility tax on the Surface Water Utility, a business license program, and a franchise assessment of the distribution portion to Seattle City Light. He said the utility tax could generate about \$150,000 and impact the average single-family home about \$6 annually. He projected that a business license program could generate about \$50,000 annually, and that the franchise assessment could generate \$600,000 annually. He said the estimated impact to a typical property owner would be \$15-\$25 annually.

Councilmember Gustafson wondered if other cities are assessing the franchise tax on the distribution portion of the bill. Mr. Burkett responded that other cities served by Seattle City Light are now phasing it in.

Continuing, Mr. Burkett estimated that a levy lid lift of 10 cents would cost the average homeowner in Shoreline about \$26 per year. Councilmember Grace emphasized the need to coordinate with other agencies on a potential levy lid lift.

Mr. Burkett explained the rationale for proposing a levy lid lift in 2005 if I-864 appears on the ballot and passes. He noted that many issues are competing for the voters' attention in the fall, and a speculative ballot measure by the City could further confuse them. He recommended that the City identify what it would have to reduce from services if I-864 passes, and that it use reserves in 2005 to continue those services. In the spring of 2005, the voters could be asked to approve a levy lid lift to reinstate the money the statewide voters had just taken away. He estimated that the average homeowner would save \$80/year under I-864. Mr. Burkett and Ms. Tarry concluded their presentation and asked for Council direction on the proposed strategy for dealing with the budget challenges.

Councilmember Grace asked about the proposed process for reviewing and adopting the budget.

Mr. Burkett said staff would use Council's direction and priorities, as well as the citizen survey and focus groups to prepare the 2005 budget. Once the budget is submitted to Council, there will be several opportunities for public hearing and review.

Councilmember Grace asked whether the Council is allowed to take an official position on I-864. It was noted that City resources generally cannot be used to influence a ballot initiative, but Councilmembers could take a position as individual citizens as long as City resources are not used. Councilmember Ransom said that informational pieces could be prepared as long as they only describe the initiative and its affects. Mr. Sievers said the Council could take a position on a ballot measure, provided it follows the proper noticing and public hearing requirements so all sides are equally represented.

Councilmember Fimia reiterated the need to carefully scrutinize the budget before any determinations are made regarding I-864. She said the Council should not make the judgment call about what to fund and what not to fund until it knows exactly how the money is being spent on administration, overhead, consultants, and legal fees. She said the loss of \$1.7 million does not necessarily have to come from services, and that "everything needs to be on the table." She felt the City could do a better job protecting services and asking the public for its priorities.

Councilmember Grace expressed his view that the City is in good financial condition primarily because of the careful scrutiny of the budget done in the past. He did not want to give the public the impression that there are significant amounts of money being spent on non-essential items.

Councilmembers Ransom and Gustafson concurred. Councilmember Ransom said the City has operated extremely efficiently since incorporation, and it is the Council's responsibility to get that message out to the public.

Councilmember Fimia maintained that even though the Council has done a good job in the past, the City's future financial challenges require additional budget scrutiny.

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Due to the lateness of the hour, there was Council consensus to take public comment on topics not related to the CIP next.

7. CONTINUED PUBLIC COMMENT

(a) Stan Terry, Shoreline, explained that Lake Forest Park is proposing a transportation improvement project on Bothell Way, which includes sidewalks, raised medians, and controlled left-turn/u-turn pockets. He then commented on the 15th Avenue NE lane reduction, noting that preliminary statistics suggest that traffic counts are fairly consistent and that traffic is not being shifted into neighborhoods. He also said traffic speeds have reduced by an average of 3 mile per hour. He said despite these preliminary figures, there could be some areas of concern that might require the City's attention.

(b) Alan Sharrah pointed out that he has been personally involved in all the discussions regarding the North City design for the past five years. He said he attended several open houses and provided written comments on the proposed designs. He said he expressed strong opposition to the project to Jan Knudson, North City Project Manager, but his comments "didn't make any difference." He said the petitioners signed the letter of opposition with the understanding that the project would include underground utilities, a lane reduction, and 10-foot sidewalks. He said most people do not understand the scope of the project and are very alarmed when they hear about it.

(c) Carol Christensen, Shoreline, expressed concern that the proposed home in Richmond Beach could possibly undermine other homes in the neighborhood because of the instability of the slope. She noted that her home and others in the area are in a potential slide hazard. She also felt the aggregate setback option could pose a fire hazard because flames could spread from one home to another due to the close proximity.

(d) Marjean Rubin, Shoreline, questioned Mr. Stewart's assertion that the proposed home in Richmond Beach could be moved 40 feet to the west. She said the real issues involve the actual buildable footprint of the lot and slope failure. She said there are limitations on how far the building can be located to the west due to steep slope of property and evidence of slope failure. She also said the proposed plan places the structure in front of existing residents, which violates Policy #47. She requested that Mr. Stewart address these issues and reexamine the optional aggregate setback because the community does not feel this project provides any public benefit.

6. WORKSHOP ITEMS

(b) Capital Improvement Plan Discussion

Ms. Tarry, Mr. Deal and Paul Haines, Public Works Director, reviewed the General Facilities Fund and Roads Capital Find CIP project-by-project. Ms. Tarry explained that the Capital Improvement Plan includes 30 projects for a total cost of \$130,457,418. The General Capital Fund has 12 projects over next six years totaling \$25 million. Basically the projects in the proposed 2005-2010 CIP are the same as those in the 2004-2009 CIP, with the exception of the Richmond Beach/Saltwater Park Pedestrian Bridge

Replacement (\$1,658,000, 2005-2006). A study will be completed during 2004 that will determine the extent of the repairs needed.

Significant issues or changes from the 2004-2009 CIP include the following:

- City Hall – The 2005-2010 CIP cost estimates have been revised from the 2004-2009 CIP to \$20 million, funded with a cash payment of \$10 million and \$10 million funded through municipal financing.
- Annual Road Maintenance Program – The funding level has been set at \$500,000 level and adjusted for inflation.
- North City Business District (NCBD)/15th Avenue NE Improvements - The total project cost has increased from \$6.3 million to 7.6 million. The project now includes the cost of utility undergrounding at nearly \$1.3 million. Seattle City Light will reimburse the City for this cost of this improvement.
- Dayton Ave N./N. 175th St Retaining Wall – The total project cost has increased from \$371,000 to \$470,250. Construction costs have increased.
- Transportation Improvements CIP Project Formulation: Funding for this project has increased from the amount in the prior CIP. This project now includes funding for 0.50 FTE Grants Specialist to increase the City's efforts in seeking grants to support transportation projects.
- Curb Ramp, Gutter, & Sidewalk Program - This project was created by combining the former Curb Ramp and Sidewalk repair programs. The funding level remains the same. This new project will allow more flexibility so that the City can better respond to citizen needs.
- Traffic Small Works Program - This project was created to provide flexibility in the development of pedestrian and traffic projects designed to enhance pedestrian and traffic safety. An additional \$55,000 has been included annually to enhance the City's ability to respond to community needs.
- Ronald Bog Drainage Improvements - The total project cost has been reduced from \$6.2 million to \$5.2 million. Short-term improvements will be completed in 2004. The City is completing a Surface Water Comprehensive Plan in 2004, which will be utilized to validate the Ronald Bog Preferred Solutions, adopted by City Council in 2001.

Councilmember Fimia requested that staff identify any dedicated grant funds in the CIP and clarify how those funds can be spent. She felt the City could exercise more discretion in how it uses grant funding.

Responding to Councilmember Grace, Ms. Tarry said that once grant funding is dedicated for a specific project, the City has very little flexibility to move it to another project.

Councilmember Ransom wondered if federal government or trust fund loans could be used to finance City Hall since they have a lower rate than councilmanic bonds. Ms. Tarry said staff would look for any opportunity to finance facilities at the lowest possible rate.

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Councilmember Ransom wondered if the City could borrow funds for the North City Project at a low interest rate instead of using General Fund money. Mr. Burkett said State Public Works Trust Fund loans are primarily issued for utility improvements, but if there are other one percent funds available, the City would certainly apply for them.

Councilmember Fimia asked staff to prepare a chart showing the percentage of each project in each capital fund category.

Deputy Mayor Jepsen noted that if staff makes new charts, the projects should be related to their funding sources so people understand that dedicated funds cannot be used for other purposes.

Councilmembers then discussed grant funding and how much the City could reasonably expect to receive each year. Councilmember Fimia felt this could be estimated for planning purposes based on past appropriations. Mayor Hansen and Councilmember Grace felt grant funding could not be accurately estimated from year to year due to competition, availability, and priorities of the City.

Mr. Burkett said the purpose of the CIP is to set priorities for the City, after which staff can pursue grant funding based on those priorities.

Councilmember Fimia felt a range could be estimated since many grants are based on funding cycles. She felt that knowing the range could help Council in the prioritization process. She noted that the Transportation Improvement Board (TIB) thought that it was giving the City a grant for the full three miles of the Aurora Corridor Project.

Councilmember Grace said he did not want to burden staff with work that would not provide valuable information in the near term. Mayor Hansen also felt it would be a waste of time and resources.

Deputy Mayor Jepsen asked Councilmember Fimia to clarify her assertion about the TIB. Councilmember Fimia felt she should not share the information publicly. Deputy Mayor Jepsen cautioned against making such unsupported statements in public.

Ms. Tarry went on to discuss the City Hall project, Gateways, and the Richmond Beach Saltwater Park Master Plan. Mr. Deal noted that several elements of the park need updating with parking and handicap accessibility features.

Ms. Tarry then reviewed Parks Equipment, Spartan Gym Upgrades, Neighborhood Parks Repair and Replacement, and the Ronald Bog Master Plan.

Councilmember Gustafson wondered if the City and School District would share the funding from rental facilities at the Spartan Gym. Staff said the agreement with the school district stipulates that the City receive the rental income in exchange for paying a

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percentage of the utility costs. Councilmember Gustafson requested a copy of the agreement.

Councilmember Fimia asked if there was an optimum maintenance schedule for City parks similar to the one for roads maintenance. She said the City should avoid deferred maintenance, which creates greater expenses in the long-term.

Mr. Deal explained that the Parks Repair and Replacement budget is for replacing outdated playground equipment so it meets current standards.

Bob Olander, Deputy City Manager, noted that the Parks Master Plan would include the ongoing repair/rehabilitation need for the entire park system.

Responding to Councilmember Fimia, Mr. Burkett said the Council could always change the CIP later if the master plans indicate a greater need in certain areas.

Councilmember Ransom wondered if the funding level for neighborhood parks maintenance was adequate, noting that King County spends an inadequate amount to maintain passive parks. He was concerned that the City would end up paying more in the future if it does not adequately maintain its facilities now. It was noted that the Parks Master Plan would include an element on parks maintenance.

Ms. Tarry went on to outline the Twin Ponds Park Master Plan, the Richmond Beach Saltwater Park Pedestrian Bridge Replacement project, and the Cromwell Park project. She noted that the Cromwell Park improvements would be coordinated with the Ronald Bog Drainage improvements over the next three years.

Councilmember Ransom expressed concern about moving too quickly on Cromwell Park when the Council has not yet settled on a site for City Hall. He felt Cromwell Park should be considered as another possibility, and that the improvements should be postponed until Council makes a final decision on City Hall.

Councilmember Fimia expressed concern that adopting the CIP so early in the year sends the message that the City is ready to move forward on these projects. She was also concerned about spending money for projects the community is not requesting. She said the Council should revisit the citizen surveys, adding that the public wants sidewalks more than parks improvements.

Deputy Mayor Jepsen felt the project description for Cromwell Park should be changed to reflect that the \$505,000 includes master planning and construction. He noted that many people approach him to request parks improvements. He said the CIP has a long history and does not make a radical departure from what Council has done in the past.

Councilmember Fimia stressed the importance of using the CIP to reassess priorities in the midst of decreasing revenues and increasing expenditures. She said the Council

should make sure it funds essential priorities before cutting services or asking people to distinguish between different capital projects.

Mr. Deal said Cromwell Park is an excellent opportunity to combine two very important uses – parks and surface water management. He noted the economic value of addressing surface water issues in the design.

Councilmember Ransom pointed out that citizens have wanted an overall City parks plan for years. He said the City and Parks Board has been working together to try and get this completed, and that Cromwell Park is one part of that overall plan. He felt it was important to continue with the Cromwell Park plan.

MEETING EXTENSION

At 9:56 p.m., Councilmember Ransom moved to extend the meeting until 10:30 p.m. Councilmember Grace seconded the motion, which carried 6-0 (Councilmember Gustafson stepped away from the table momentarily).

Responding to Deputy Mayor Jepsen, Mr. Deal noted that the Parks, Recreation and Cultural Services Board would be discussing the proposal for Cromwell Park at its next meeting.

Ms. Tarry moved on to discuss Hamlin Park Open Space Acquisition and Parks and Open Space Acquisition. She noted that including these items in the CIP allows the City to pursue grant funding for them. She concluded her presentation of the General Capital Fund by saying that the major challenge for the City would be identifying funding for long-term repair/replacement of facilities.

Responding to Councilmember Fimia, Ms. Tarry said that more detailed information would come forward this year to identify the specific funding needs for long-term maintenance. She said the need would depend on whether the Council chose to bring facilities up to standards now or if it waited. She estimated \$100,000 to \$150,000 per year for maintenance of three major facilities: the pool, the recreation center, and the police station.

Councilmember Fimia said she firmly believes in keeping up with maintenance in order to achieve long-term savings. Councilmember Gustafson agreed.

Turning to the Road Capital Fund, Ms. Tarry explained the various funding sources and noted that the Aurora Corridor Project comprises \$82.2 million of the total \$96.7 million budget. She said not including the Aurora Corridor Project, the funding is divided fairly evenly between Pedestrian/Non-Motorized Projects, System Preservation Projects, and Safety/Operations Projects.

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Mr. Haines said the only change to the budget was the combination of several programs into two projects: 1) Curb Ramp/Gutter/Sidewalk Program and 2) Traffic Small Works Program.

Responding to Councilmember Grace's question about potential grant sources for the Curb Ramp/Gutter/Sidewalk program, Mr. Haines said a wide variety of grants are available depending on how the City designs its projects. He said the City is currently working with the school district in pursuing a grant for sidewalks around schools.

Councilmember Grace felt the critical milestone of repairing 700 linear feet of sidewalk per year reflects an operational cost as opposed to a capital cost. He felt the milestone should be expressed in amount of new sidewalks constructed.

Mr. Haines acknowledged that several milestones in the Transportation budget could be considered operational costs. He pointed out that the City would exceed its targets for 2004, and that there is some liability associated with not repairing sidewalks. He said a major challenge of the City would be to address the question of responsibility for sidewalk construction and maintenance in future years.

Councilmember Ransom said the citizen survey indicates a high priority on new sidewalks, especially around schools. He felt this should be added to the work plan since there is virtually nothing budgeted for new construction.

Mr. Haines noted that the Bond Advisory Committee spent a great deal of time considering sidewalks, but ultimately it did not recommend a bond issue. He said the Transportation Master Plan will serve as a good first step in helping the Planning Commission and Council decide what level of improvement to make.

Councilmember Ransom asked about the estimated costs for building a new, six-foot sidewalk. Mr. Haines said the costs vary depending on whether it is new construction or a retrofit, although a retrofit can range from \$100-\$200 per linear foot. He said other variables can also affect costs.

Councilmember Ransom commented that some cities have billed the cost of new sidewalks to property owners through a local improvement district (LID). Mr. Haines said while LID's are not out of the question, they can be controversial, expensive, and difficult to implement. Although they are not a streamlined way to achieve improvements, they do ensure that everyone participates equitably.

Councilmember Fimia asked if the CIP includes any construction of new sidewalks in areas other than new homes. Mr. Haines replied that sidewalks would be included as part of the 3rd Avenue NW Drainage project, although most of what is budgeted is to repair existing inventory.

Councilmember Fimia felt that sidewalks along arterial streets should be one of the main priorities for cities. She felt the City did not have an aggressive program for addressing

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the need. Mr. Burkett noted that Shoreline had very few sidewalks when it first incorporated. He acknowledged that that City does not have an aggressive program for sidewalk construction.

Councilmember Fimia said the City makes itself very vulnerable to criticism by focusing on a few large capital projects at the expense of sidewalks and other essential needs. For this reason, the CIP is not a balanced document. Some adjustments in major projects could free up funding to provide more benefits in other areas.

Mr. Burkett noted that the majority of the Roads Capital Fund is reserved for the second phase of the Aurora Corridor Project, so there is no dedicated funding yet. If the Council decided against the project, some programmed money could be used for other projects.

Deputy Mayor Jepsen emphasized that \$72 million in the Roads Capital Fund is dedicated grant money that is identified for specific projects. It cannot be redirected to completely different projects. He felt it is "mixing the message" to say that money for major projects could be transferred to other needs.

Responding to Mayor Hansen, Mr. Haines confirmed that most of the City's investment in the major projects is matching money required to leverage grant funds.

Councilmember Ransom expressed concern about the escalating cost of the Interurban Trail Pedestrian Bridge, noting that unstable soils have recently been discovered at the site. He said the escalating cost was the main reason he voted against the project. He pointed out that grant funding only covers \$3 million, while total cost estimates range from \$3.5 to \$5.5 million.

Mr. Haines said unanticipated expenditures are not unusual on major projects like bridges because of the high degree of uncertainty about soil conditions. He clarified that staff would return to Council on July 12 to review the new information and the project scope. He said staff hopes to stay within the budget parameters for the project.

8. ADJOURNMENT

At 10:30 p.m., Mayor Hansen declared the meeting adjourned.

Sharon Mattioli, City Clerk