

CITY OF SHORELINE

SHORELINE CITY COUNCIL SUMMARY MINUTES OF SPECIAL MEETING

Monday, December 17, 2007 - 6:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ransom, Deputy Mayor Fimia, Councilmember Gustafson,
Councilmember Hansen, Councilmember McGlashan, and Councilmember Way.

ABSENT: Councilmember Ryu

1. CALL TO ORDER

At 6:39 p.m., the meeting was called to order by Mayor Ransom, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ransom led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present, with the exception of Councilmembers Ryu and Councilmember Hansen.

Bob Olander, City Manager, indicated that Councilmember Ryu would be absent and Councilmember Hansen is expected to arrive soon.

Councilmember Way moved to excuse Councilmember Ryu. Councilmember Gustafson seconded the motion, which carried 5-0.

3. REPORT OF THE CITY MANAGER

Bob Olander, City Manager reported on the following City meetings, events, and projects:

- "Breakfast with Santa" event held on December 8
- The free Christmas Tree Recycling program will be on January 6-7 at Meridian Park Elementary School
- The American Planning Association and the Planning Association of Washington have awarded the "Honorable Mention" award for transportation plans to the City of Shoreline for the Aurora Corridor Project, 145th Avenue NE to 165th Avenue NE

Mr. West from the American Planning Association presented the Honorable Mention award to the Council.

(a) Recognition of Outgoing Councilmembers

Mr. Olander recognized outgoing Mayor Ransom, Deputy Mayor Fimia, and Councilmember Gustafson for their exemplary dedication and caring for the community.

Councilmember Gustafson thanked the attendees, constituents, City staff, citizens, his wife Nancy, his daughter, grandchildren, friends and supporters. He said he is it has been an honor to serve the City. He discussed his goals and accomplishments; urging the new City Council and residents to complete the City's vision.

Councilmember Hansen arrived at 6:58 p.m.

Mayor Ransom thanked the 14 Councilmembers he has worked with over the last 12 years. He reminisced on his experiences with current and former Councilmembers Connie King, Cheryl Lee, Linda Montgomery, Ron Hansen, Scott Jepsen, Larry Bingham, Rich Gustafson, Kevin Grossman, John Chang, Maggie Fimia, Paul Grace, Janet Way, Cindy Ryu, and Keith McGlashan.

Deputy Mayor Fimia thanked the attendees and said she is honored to have been a representative of the people. She stated that in order to make a great City there should be a legacy of community vision and involvement. She forecasted that the City of Shoreline will take the lead in environment, transportation, and growth management progress throughout the region.

(b) Presentation of Plaque to Mayor Ransom from Shoreline Sister City

Former Councilmember John Chang spoke on behalf of the Shoreline Sister Cities Association (SSCA) and presented plaques from the City of Boryeong, Korea. He added that the economic relationship between the two cities is important. He presented an appreciation plaque from the Boryeong Citizen's Association to the City of Shoreline. In addition, he presented Mayor Ransom and the City with a plaque from the Mayor of the City of Boryeong for a great relationship. He highlighted that the Boryeong Mud Festival will be held from July 12 – 20, 2008 and they would like to host delegates from the City of Shoreline during that event.

4. REPORTS OF BOARDS AND COMMISSIONS

There were no reports of boards or commissions.

RECESS

At 7:20 p.m., Mayor Ransom called for a five minute break. The Council meeting reconvened at 7:30 p.m.

Councilmember Way communicated that she attended the WRIA-8 Multiple Watershed Forum with Councilmember Gustafson. She said the forum was interesting and informative. She added that the main topic was the future of salmon recovery and its challenges.

5. GENERAL PUBLIC COMMENT

(a) LaNita Wacker, Shoreline, thanked outgoing Councilmembers for their public service. She said each of them should write their memoirs for the Shoreline Historical Society.

(b) Dale Wright, Shoreline, thanked the Councilmembers and highlighted the accomplishments of Councilmember Gustafson. He recognized Councilmember Gustafson for his positive impact on the Shoreline School District and his major contributions in Shoreline city government.

(c) Paul Herrick, Shoreline, thanked the outgoing Councilmembers for their hard work. He read a personal statement honoring Councilmember Gustafson and that he always put public good ahead of his own private interests.

(d) Marcus Kragness, Shoreline Fire Chief, thanked the Council and citizens of Shoreline for their support of the King County Medic One levy which passed with an 83% approval rate. He added that this speaks well on what government can do right.

(e) Dennis Lee, Shoreline, stated he has been involved in Shoreline land use from the beginning. He said growth management, comprehensive planning, and other land use processes are a criteria-based system and sometimes stakeholders are left out. He felt the City needs a citizens' advisory committee to assist in the Briarcrest neighborhood plan.

(f) Phil Tom, Shoreline, remarked positively about Councilmember Gustafson's contributions while a Councilmember. He said he has served with integrity and class and has sacrificed a lot to serve on the Council.

(g) Gretchen Atkinson, Shoreline, thanked outgoing Councilmembers, especially Councilmember Gustafson who has served with grace and esteem. She added that he has seen him at many functions during his tenure and is proud to have had him on the Council for so many years.

(h) Nancy Morris, Shoreline, thanked Deputy Mayor Fimia and was honored to work with her. She said Deputy Mayor Fimia has integrity and insight, adding that in the future her endeavors will be a gift to the community and region.

(i) Brenda Moller, Shoreline, asked for clarification on a zoning change on 145th for two properties. She noted that during the meeting the address changed from NE to N 145th and she couldn't figure out where the property was. She concluded that that street cannot adequately facilitate a zoning change from R-12 to R-48.

(j) John Wolf, Shoreline, highlighted that the citizens of Shoreline have helped shape the Comprehensive Plan. However, the general ideas were put into the purpose sections of the Development Codes and are not well-defined. He added that violations of character of neighborhood clauses cannot be brought to the hearing examiner or to the courts. He stated that

he would like to see code changes in the table of SMC 20.50.020(1), including a 40% floor limit and height limits revised to 28 feet.

(k) Richard Johnson, Shoreline, warned the Council and the City staff that the City is going to lose a valuable asset, the Masonic Lodge at 185th Street and Linden Avenue, if action is not taken. He said the building is old but parts of it are sound and it should be saved for the community. He asked the City of Shoreline to buy the property and lease it back to a community organization.

6. APPROVAL OF THE AGENDA

Councilmember Hansen moved approval of the agenda with Councilmember Gustafson seconding the motion. Councilmember Way moved to amend the agenda to take Item 9 (a) first, followed by Item 8 (a). Deputy Mayor Fimia seconded the motion, which carried 6-0 and the agenda was approved as amended.

7. CONSENT CALENDAR

Councilmember Hansen moved to approve the Consent Calendar. Councilmember McGlashan seconded the motion, which carried 6-0 and the following items were approved:

- (a) **Minutes of Workshop Dinner Meeting of November 5, 2007**
Minutes of Special Meeting of November 19, 2007
Minutes of Workshop Dinner Meeting of November 26, 2007
Minutes of Business Meeting of November 26, 2007

- (b) **Motion to Authorize the City Manager to execute a Fuel Tax Grant Distribution Agreement and required amendments with the Transportation Improvement Board (TIB) to obligate grant funds totaling \$6,000,000 for the Aurora Corridor Project (N. 175th Street - N. 185th Street)**

9. ACTION ITEM: PUBLIC HEARING

- (a) Public hearing to receive citizens' comments on Ordinance No. 484 which adopted a six-month moratorium on the filing or acceptance of any applications for mixed use or residential development projects on those lands zoned for Community Business (CB), Industrial (I) or Regional Business (RB) and which are in proximity to neighborhoods zoned for single-family homes

Ordinance No. 488 amending Ordinance No. 484, 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.

Joe Tovar, Planning and Development Services Director, discussed Section 2 of Ordinance 484. He passed out maps and photos which highlighted the Regional Business (RB), Commercial Business (CB), and Industrial (I) zoning and the properties affected by the moratorium. He stressed that this is a very specific area of application and explained that the City staff recommendation has been revised to a 90-foot buffer limit, instead of the originally stated 100-foot limit. He said his staff originally made the estimate on short notice and it was the intent to use the Interurban Trail as a separation or buffer which was only 90 feet in some areas, not 100 feet wide as originally thought. He explained that the 35-foot height limit figure was applied because most of the family zones in the City allow for that height limit. However, that was proposed on short notice and was based on an absence of sharp topographical changes. He stated that this concerns the zoning, not the Comprehensive Plan (CP). He said the staff opinion is that there is no inconsistency between the zoning text and the map or the CP text and map. He discussed CP policies LU-18 and LU-19 and highlighted that the City staff will refine the CP designations as part of the 2008 work program.

Mr. Olander clarified that the height limit is a narrow issue; this particular issue involves low-density residential next to high density zoning. The moratorium, he explained, gives the City the opportunity to develop regulations to provide a transition between the zones.

Upon motion by Councilmember McGlashan, seconded by Councilmember Hansen and carried 6-0, the public hearing was opened.

(a) Brent Spilsbury, Shoreline, said the developer and the presenters at the community meeting on the Overland Trailer Court project weren't interested in the neighborhood comments. He asserted that the project will be a 65-foot, 6-story apartment complex which will block the evening sun. Additionally, the site presently has 32 older trees which will likely be removed. He added that there will be run-off into Twin Ponds and Boeing Creek which will cause flooding issues.

(b) Bill Bear, Shoreline, read the introduction of the CP framework goals. He added that development codes are premised on the fact that all the goals are taken into consideration. He read all of the framework goals and urged the Council to keep them in mind when the City's development code is revised.

(c) Sue Melville, Shoreline, supported extending the moratorium. She discussed the Overland Trailer Court development and said the neighbors in the area care for their properties. She stated that the neighbors are opposed to the sheer magnitude of this large project. She said she can't believe an environmental impact statement is not required, given the water and tree concerns.

(d) Lila Amadon, Shoreline, expressed concern about the development and wanted to keep her backyard privacy. She stated that this development will have windows that look down on her home.

(e) Wendy DiPeso, Shoreline, supported the continuation of the moratorium so the City staff can continue their work. She added that it would be fabulous to revisit the CP as a whole.

(f) Chris Eggen, Shoreline, commented that the issue of transitioning from large buildings to single-family zones is something the City needs to resolve before pursuing large-scale development. He supported the moratorium.

(g) Nancy Morris, Shoreline, supported extending the moratorium.

(h) Dennis Lee, Shoreline, discussed the issue of “down-zoning. He explained that the highest use is commercial, and since the rent for apartments has gone up it would be relatively easy to convert commercial property into apartments; however it would discourage mixed use. The moratorium represents a chance to make CP amendments and to not let market forces change the area. He urged the Council to adopt Ordinance No. 484 as proposed.

(i) Dwight Gibbs, Shoreline, supported the moratorium and said buffering is needed. He said he agreed with the other speakers and that this has larger implications. He felt that the moratorium is a good start to fixing the issues in the future.

(j) John Barons, Shoreline, supported the moratorium, noting that if businesses are allowed to convert to residential use, no business is safe in Shoreline. This would eliminate businesses and replace them with six-story apartment houses with only large outlets like Home Depot and Costco remaining. Six story buildings, he commented, will add traffic congestion and pollution. He submitted pictures of the results of heavy rain on Echo Lake, adding that this issue requires careful thought and planning.

(k) Les Nelson, Shoreline, noted that there are over 720 units being proposed among proposed developments in Ridgecrest, Overland Park, Market Square, and Echo Lake, which represents there is a lot of activity. He pointed out that GMA goals require 120 units per year, but this equates to six times this amount. He commented that the zoning maps and development code are not consistent, adding that the CP can’t be ignored and the residents need to know and understand what is going on. He supported the moratorium as originally drafted.

(l) Pat Murray, Shoreline, favored continuing the moratorium for a minimum of one year and a maximum of five years. He commented that the developers pay little attention to the public and they need to be penalized. He disapproved of the proposed projects and stated that the City needs better codes dealing with transitions.

(m) Bill Fenner, Bellevue, on behalf of the Senior Housing Assistance Group (SHAG), noted that his group is working on converting the Overland Trailer Park to affordable rental housing for low-income residents. He opposed the moratorium and said SHAG works on creating affordable alternatives for seniors. He noted that the residents come from within five miles of the community and that 90% of their residents have expressed a high satisfaction with their services and amenities.

(n) Steve Smith, Lynnwood, opposed the moratorium and encouraged the Council to continue the hearings on affordable housing. He felt that Shoreline could use this project and his firm has projects in surrounding communities. He suggested special consideration of this project because there is a good chance that financing will be lost if the moratorium continues. He added that traffic impacts are about half as much as a normal market-rate apartment project. The site, he added, borders one single family lot; otherwise, it is surrounded by commercial or multi-family.

(o) Matt Driscoll, Seattle, Driscoll Architects, opposed the moratorium. He said architects try to be responsive and follow the permitting process. He said they don't expect special consideration, only fairness and impartiality. He explained the project set-backs, explicit design guidelines, and landscaping barriers.

(p) John Sullivan, Seattle, Chief Financial Officer for Steve Smith Development representing Overland Park Senior Housing, commented that the City staff should be at these public meetings for both sides to eliminate misconceptions. He said the moratorium and development restrictions will be a setback for all citizens. He pointed out that the total assessed property valuation is \$31,000,000, which is 46% of total property taxes in the City. He pointed out that the residents of the City will absorb a greater tax burden if the development limitations continue in Shoreline.

(q) Brian Park, Seattle, on behalf of Pacific Northern Development Associates, stated that his firm helps create affordable housing and has assisted SHAG in neighboring jurisdictions. These projects, he said, have reasonable development standards and good developers don't fear them. He noted that the Council isn't hearing from the less fortunate seniors and renters of these properties. He was opposed to the moratorium.

(r) Courtney Kaylor, representing John and Nadine Murray, owners of the Overland Trailer Park, said that they didn't get notice of the moratorium and the property is now in limbo because of it. This moratorium, she said, raises due process and takings issues. Unfortunately, she said the owners may be forced to develop the property as a commercial property. She urged the Council to exempt this property from the moratorium.

(s) Joe Krause, Shoreline, commented that these affordable housing developments, like the one that is proposed, don't have enough parking. He commented that residents are forced to park on private business property which will lead to parking issues for 24-Hour Fitness, Goldies, and other business in the area. He said these developments generate traffic, and there are mail trucks, UPS trucks, Access buses, taxis, maintenance people, and meal companies that need to park at these facilities. He added that there is a loss of privacy for homeowners that are next to these developments because of the building heights. He concluded that he favored the moratorium.

Deputy Mayor Fimia moved to close the public hearing, seconded by Councilmember Hansen. Mr. Olander stated the Council does need to close the public hearing. He added that State law says it can be continued for six months at a time. Mr. Tovar added that there will be a proposed work program brought to the Council in January and they can make decisions about

priorities at that time. **A vote was taken to close the public hearing, which carried 4-2, with Councilmember Gustafson and Councilmember McGlashan dissenting.**

Councilmember McGlashan asked if the City of Shoreline Citizen Housing Advisory Committee discussed this issue. Mr. Tovar responded that they haven't discussed the item. Mr. Olander commented that the City staff recommended adoption of Ordinance No. 488.

Councilmember Gustafson moved to adopt Ordinance No. 488 as proposed with 90-foot setbacks and an average elevation not to exceed 40 feet. Councilmember Hansen seconded the motion.

Councilmember Way questioned the impacts of a 40-foot height limit and how the moratorium was communicated to the public. Mr. Tovar said this is a legislative action which required posting in the newspaper and all public notice sites. Additionally, all permit applicants which have projects in these locations were properly noticed. He said the department didn't mail notice to individuals or groups nor did they contact any property owner directly because it is a legislative matter. Ian Sievers, City Attorney added that notice doesn't have to be given on the original moratorium and public participation occurs after it is adopted.

Mayor Ransom expressed concerns that the 90-foot buffer affected a multitude of properties. Mr. Tovar responded that there aren't that many that are affected because they are already some type of retail property.

Councilmember Gustafson questioned how soon the moratorium be reconsidered if it is adopted tonight. Mr. Tovar replied that it can be reconsidered at any time.

Councilmember Gustafson expressed support for the motion, commenting that everyone is concerned about affordable housing. However, he felt the new Council should reconsider it within six months. He also felt that the housing advisory committee should review it.

Mr. Olander stated a key component is how fast the City staff can work with the community to develop regulations to ensure all developments are compatible with adjacent properties.

Deputy Mayor Fimia added that if the City focuses on this citywide it seems to be a matter of looking at the buffers and receiving public input. She felt this should be done in less than six months because otherwise the City will lose positive development. She added that lobbying work needs to be done so there is more transit in our communities.

Mayor Ransom stated that the City doesn't want to lose the senior community, but the community has expressed concerns about buffering residential areas. He supported the moratorium as amended in Ordinance No. 488.

Councilmember Way appreciated the comments from both sides and added that the City needs affordable housing. This neighborhood, she said, is in transition because of inadequate infrastructure and the massive nature of this development and other issues including transit, housing, sidewalks, and drainage. She felt the moratorium provides an opportunity for everyone

to be involved. She urged the Council, City staff, and neighbors to work with the developer. She stated that the amendment to the original moratorium seems reasonable.

Councilmember McGlashan moved to amend Ordinance No. 488 and change the buffer distance to 100 feet and the height limit 40 feet. Councilmember Way seconded the motion. Councilmember McGlashan explained that this revision only involves about 11 to 12 properties and might put the community at ease. **A vote was taken on the motion, which failed 2-4, with Councilmember McGlashan and Councilmember Way voting in the affirmative.**

Deputy Mayor Fimia was concerned about the effects downzoning will have on the City if residential projects are being allowed in existing commercial zones. Mr. Tovar said that is something that could be addressed when the City looks at permanent regulations. Deputy Mayor Fimia discussed the 35-foot rationale and commented that with the amendment a residential house could be 35 feet. Mr. Tovar confirmed it would, but this motion would increase it to 40 feet.

A vote was taken on the motion to adopt Ordinance No. 488 with 90-foot setbacks and an elevation not to exceed 40 feet, which carried 6-0.

RECESS

At 9:47 p.m., Mayor Ransom called for a five minute break. The Council meeting reconvened at 9:58 p.m.

MEETING EXTENSION

At 9:58 p.m., Councilmember Hansen moved to extend the meeting until 11:00 p.m. Councilmember Way seconded the motion, which carried 4-2, with Councilmember Gustafson and Deputy Mayor Fimia dissenting.

8. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS, AND MOTIONS

- (a) Resolution No. 266 authorizing a City Hall/Civic Center Development Agreement with OPUS Northwest LLC, and Associated Leases

Mr. Olander introduced Jesus Sanchez, Public Works Operations Manager, Debbie Tarry, Finance Director, P.J. Santos from OPUS, and Walt Neihoff from LMN.

Mr. Sanchez communicated to the Council that this has been a truly collaborative and worthwhile process.

Mr. Olander summarized that the City staff is recommending approval of the development agreement, which includes the guaranteed maximum price.

Mr. Santos introduced the OPUS team members. He highlighted that in the last few weeks a consistency and optimality has been reached between with the goals of the City, the scope, and the design principles.

Mr. Neihoff pointed out that each person who has been working on this project has stayed true to the City's guiding principles. He showed slides with the latest designs and described the layout, building, parking, amphitheater, and green roof feature. It was noted that the project is on the threshold of LEED silver and gold certification. Mr. Neihoff displayed the different views of the building, design, and interior features, including the lobby area and fireplace. He discussed the entrances and the fact that it will be an ADA compliant structure.

Mr. Olander noted that the Council chamber has been scaled down a bit to make good compromise and make it comparable to the main structure. He added that affordability is a major criterion for this project.

Mr. Sanchez stated that the City has scaled the project down and saved the City more than \$2 million from the original projection. However, he said there still needs to be some revisions. Through lots of teamwork the group has come back with a guaranteed maximum price of \$28 million, which will take care of the entire construction project, excluding financing charges.

Mr. Santos commented that the numbers were put together with great rigor and by being pretty aggressive.

Mr. Olander felt that the project may be about \$800 – 900 over where the City would want the project to cost; however it is reachable and will be a minimal stretch financially. He commented that the additional 10,000 square feet of usable space will provide adequate growth space within the next 15 years. However, this project had to be scaled back to stay within the budgeted amount, but maintains its functionality, accessibility, outdoor space, and parking garage. He was comfortable that this is the best possible project for the best possible price which will work well for the community, citizens, and employees.

Mr. Santos said he is proud of what has been achieved. He said it is easy to design a building with high priced materials and much more difficult to go by guiding principles to come up with an intelligent, logical building. However, this is exactly what has been done. He added that the design and programming done by LMN is outstanding and this project has found a nice middle ground between the citizens and the builder.

Ms. Tarry explained that the total project budget is estimated at a little over \$30.5 million. In looking at the long-term financial projections the City didn't want to add to gaps to the budget with the City Hall Project. Therefore, in looking at how the City can finance the project, \$9.5 million in cash has been identified, leaving over \$21 million to be financed. This, she said boils down to occupational costs being an estimated \$1.6 million per year. To pay for it, she explained \$850,000 would come from the general fund, mostly from what the City currently pays for office space. The remaining amount is \$775,000, which would come from Real Estate Excise Tax (REET) revenues. The Council originally approved \$400,000 to come from REET and the costs increased based on public identified features and the civic center addition. She advised that the

City Hall Project might impact some park projects in the long term, but the City staff will monitor and report any issues to the Council.

Mayor Ransom called for public comment.

(a) Chris Eggen, Shoreline, liked most of the proposal but commented that energy-efficient design doesn't usually involve so much glass. He said he wanted to know what the "R" rating was. He also discussed water flows and encouraged an elevator be put in the corner near the parking garage. He added that there will be some upcoming City expenditures to address flooding issues and hoped this project won't prevent the City from taking care of them.

(b) Jim DiPeso, Shoreline, expressed concerns about costs and the prudence of borrowing more money, especially in view of how unsettled credit markets are nationally. He urged the City to review the costs.

(c) Michael Brunson, Shoreline, expressed concerns about costs and urged the City to be frugal, practical, and build an ADA-accessible structure. He said he is appalled to hear there will be changes to the soil elevations to create steps. He said steps are an impediment unless there is a topographic need. This, he commented, is based on an elitist concept of government. He isn't in favor of painting walls dark because it will take more electricity to light rooms. He concluded that the City needs a practical, simple building.

(d) LaNita Wacker, Shoreline, commented that her major issue is storage and that the architects forget about storage. She said this is a place where public records are and she is confident that this can be worked out. She also said she has concerns about stealing funding from the parks department budget.

Mr. Olander responded that the City is looking carefully at storage and plan on using high density files. He added that it is a very practical building with growth space and it still makes sense for the City to own a City Hall structure. He also added that there is adequate funding to address flooding issues in the surface water management account which is derived from surface water management fees. This, he added, is a dedicated source for water quality and flooding issues.

Mr. Neihoff responded that the City Hall building will utilize "Low E" glass and it is a particular brand of glass that has achieved LEED silver or better. He also added that the amount of glass has been reduced. Concerning the accessibility issue, he said there is a four foot drop in the entrance along 175th Street. The soil will be lowered in the front on 175th and Midvale for ADA accessibility.

Mr. Santos also commented that the handicap parking stalls will be closest to the building.

Mr. Sanchez said there will be a pipe and grade system along Midvale, and the Washington State Department of Fisheries and Wildlife stated that they don't see any impacts because of it.

Mr. Olander added that the on-site grading work will alleviate some of the flooding issues at the apartments north of City Hall.

Councilmember Gustafson moved to adopt Resolution No. 266 authorizing the City Manager to enter into a Ground Lease, Building Lease, and Development Agreement with Opus Northwest, L.L.C. for the construction of the new Shoreline Civic Center Building with a “lease transfer amount” of \$28 million; and authorizing the City Manager to incur financing expenses of up to \$2.55 million to finance this development cost and complete the project. Councilmember Hansen seconded the motion.

Councilmember Hansen made minor administrative corrections to Resolution No. 266.

Referring to page 99 concerning developer's fees and overhead allowance, Deputy Mayor Fimia asked about the land purchase and leasing language. Ms. Tarry responded that the City would have to lease the property to the developer so they can build the project; when the project is accepted by the City, OPUS will be paid fully and the ground lease would be extinguished. She said the developer fee is \$1.6 million, which is part of the project cost. Mr. Olander added that the fee for doing the project was part of the RFP.

Ms. Tarry further explained that their fee for doing the entire project was \$28 million which will be paid to OPUS. After that, the City's obligation of lease payments will be to the bond holders.

Deputy Mayor Fimia questioned accessibility to the building from Midvale Avenue and said there needs to be more entrances from that side. She also asked for more places to meet for lunch or coffee. She commented that this will be a financial stretch and the balance should come from non-essential operating funds.

MEETING EXTENSION

At 11:00 p.m., Councilmember Hansen moved to extend meeting until 11:15 p.m. Deputy Mayor Fimia seconded the motion, which carried 5-1 with Councilmember Gustafson dissenting.

Councilmember Way wanted to know why this project is being rushed.

Mr. Olander noted that LNM, OPUS, their subcontractors, and their staff are spending well over what we are paying them, and that “time is money.” As part of the agreement there is a window when certain tasks must take place so everyone involved knows what the costs will be.

Mr. Santos added that there are efficiencies built in and a time horizon designed to draw permits and build a facility. He said the team is very efficient and they are going to create a schedule and the design to move forward with the project. He added that part of the risk for his firm is agreeing to take part in a tight schedule, but every delay in the project will cost the firm more money.

Mr. Olander added that interest rates are low and getting financing soon is very critical. OPUS, he said, is working with their prime subcontractors who are reserving time for this project and if the schedule is pushed back it would cost more money. He summarized that one of the major advantages to this process is shifting the risk to the developer. One of the disadvantages is that there can't be any delays; decisions need to be made in an efficient and effective manner. He commented that delaying this project will not provide the Council with any additional information above what has been communicated to this date. He pointed out that the City has been working on this project for the past two years.

Councilmember Way said the developers went into this understanding there was a risk and government isn't in the business of insuring risk for developers. She added that there was major flooding in this City and she is concerned about addressing this issue. She said she feels pressured to make a decision.

Mr. Olander commented that the objective, as directed by Council policy, is to make this project affordable and sustainable. This means, he explained, having drainage swales along Midvale Avenue and other drainage features. He stated that the Council's role is to set those goals for the City and everyone believes in them. He committed to the Council that this will be a highly sustainable, conservation project. He reassured the Council that the City takes its guidance very seriously.

Mr. Olander also stated that one of the drawbacks to this method of delivery is not having the development and surface water design plans now.

Councilmember Way felt that the public wanted to know these details. This is \$30 million of the taxpayer's money, so this needs to be reviewed before "the point of no return" is reached. She wanted to know about the design, the overhangs for weather and recycled materials.

Mr. Olander responded that a part of the LEED process entails utilizing a certain amount of recycled materials. He said that the policy direction from Council is to make this a Gold LEED Certified building and by setting that standard it directs everyone to include all of those elements when feasible. However, there are items such as overhangs which are not a part of that design detail yet.

Councilmember Way said she would like to hear a commitment from the City staff that the flooding problems at Ronald Bog will be addressed. She highlighted that she can't vote for this if flooding is not addressed in this City.

Mr. Olander responded that the City is looking for grants and committed that the City Hall project will not divert any finances nor will it delay the flooding solutions at Ronald Bog.

A vote was taken on the motion to adopt Resolution No. 266 authorizing the City Manager to enter into a Ground Lease, Building Lease, and Development Agreement with Opus Northwest, L.L.C. for the construction of the new Shoreline Civic Center Building with a "lease transfer amount" of \$28 million; and authorizing the City Manager to incur

financing expenses of up to \$2.55 million to finance this development cost and complete the project, which carried 6-0.

10. ADJOURNMENT

At 11:14 p.m., Mayor Ransom declared the meeting adjourned.

Scott Passey, City Clerk