

CITY OF SHORELINE
SHORELINE CITY COUNCIL
SUMMARY MINUTES OF BUSINESS MEETING

Monday, January 14, 2008 - 7:30 p.m.
Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ryu, Deputy Mayor Scott, Councilmember Hansen, Councilmember McGlashan, Councilmember Way, Councilmember Eggen, and Councilmember McConnell.

ABSENT: None.

1. CALL TO ORDER

At 7:37 pm., the meeting was called to order by Mayor Ryu, who presided.

2. FLAG SALUTE/ROLL CALL

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

3. REPORT OF THE CITY MANAGER

Bob Olander, City Manager, provided reports and announcements on past and future City meetings, projects, and events. Mr. Olander reported that the Aurora Corridor Project item on the Consent Calendar is routine, yet it is a major milestone. He noted that the Council chose the flexible alternative and the project has completed both the Federal and State environmental review process.

Kris Overleese, Aurora Corridor Project, explained that on the first mile of the project a National Environmental Policy Act (NEPA) EA was done and a State Environmental Policy Act (SEPA) Environmental Impact Statement (EIS) was also done. She commented that the same level of analysis has been done for the second mile, but in a slightly different order. She added that the City worked with the Aurora Business Corridor (ABC) Team, habitat experts, noise experts, and everyone collaborated before the project went to the State.

Mr. Olander stated that the next step is moving forward with the final design of the next two miles and to start the acquisition process.

Councilmember Way said the Mitigated Determination of Nonsignificance (MDNS) means the City will make every effort to improve the situation, which is how the entire project can be justified.

Mr. Olander concurred, noting there are no significant adverse environmental impacts that cannot be mitigated. He highlighted that this project will improve storm water problems on Aurora, but will not solve all of them. He added that the City staff will hold meetings and bring progress reports to the community and the Council when the project reaches 30%, 60%, and 90% design.

Mayor Ryu stated that the first mile property acquisition process was not smooth and this one will present an opportunity for groups to review what the process will be. She asked if there was an opportunity to do "above and beyond" notification not only to the property owners, but to the tenants.

Mr. Olander noted that the City must adhere to state and federal guidelines on property acquisition as prescribed in the right-of-way process, but the elements will be reviewed by the Council for their approval. He added that there are separate provisions where tenants have a lease-hold interest and there is a separate property acquisition process for them.

Ian Sievers, City Attorney added that they will receive notice, but it depends on what is written in their long-term lease agreement. He stated that a tenant typically won't have interest in any condemnation award.

Ms. Overleese said the person was a part of Tom Boydell's staff from Community Capital Development who speaks to the property owners on how they can be helped during the construction process. She highlighted that representatives from HDR Design Services will talk to community about how the Aurora project will tie into their property and Universal Field Services, the City's right-of-way acquisition team, will meet with property owners and conduct appraisal offers.

4. REPORTS OF BOARDS AND COMMISSIONS

Councilmember Eggen reported on his attendance at the Port of Seattle Board meeting, where the results of their state performance audit were released. He commented that there were errors in the Port procedures which led to a loss of \$97 million. He noted that the board passed a number of motions designed to address the issues of the performance audit. They did agree that there were deficiencies to remedy, but they didn't agree with the sum total of claims that were noted in the audit. He also reported on the Metro Solid Waste Advisory Committee, which is made up of many cities which are forming a new interlocal agreement for solid waste disposal and attempting to bring the voice of the cities into the process. Finally, there is a schedule of events to take place at the grand opening of the Transfer Station on February 16.

5. GENERAL PUBLIC COMMENT

DRAFT

(a) Jim Halladay, Lake Forest Park, said the City cannot claim that the Aurora Corridor Project storm water will be improved if it doesn't know how much runoff is coming from the site now. He stated that the City is contributing to the loss of habitat and threatening the species in McAleer Creek. Additionally, the amount of storm water Shoreline contributes to Lake Ballinger is a violation of the Snohomish County Superior Court Order of 1982. He said the Lake Forest Park Stream Keepers are interested in cooperating with the City to remediate the problems caused by excessive storm water flows on a drainage-wide basis. He urged the City to use low-impact development techniques, adding that the Aurora Corridor Project will be the first opportunity to choose porous surfaces.

(b) Jim DiPeso, Shoreline, said Representative Ruth Kagi is introducing the "Evergreen Cities bill" that will call for an inventory of urban and community forests. This bill will have tools for local government to update their tree ordinances and develop conservation plans. He added that urban trees have value and provide storm water management. He asked the Council to follow this legislation and possibly support it.

(c) Dennis Lee, Shoreline, gave a copy of a Comprehensive Plan to Deputy Mayor Scott for him to review and share with the Council and City staff.

(d) Les Nelson, Shoreline, commented that the City has not provided adequate notice to residents regarding the many land use proposals going on. He said the hearing on January 17 at the Planning Commission meeting will involve densities in commercial business zones and the current proposal has been modified to address adjacencies to single family development. He felt there is always an urgency to meet developer's wishes instead of determining what is best for the City.

(e) Richard Tinsley, Shoreline, commented that the community programs that are being held at the Masonic lodge that is going to close soon could move to Ridgecrest.

(f) Joe Krause, Shoreline, stated that 30 years ago the City of Seattle started building more and more apartments and that is why he moved from there. He said he moved to Shoreline because of the abundance of single family homes and friendly communities. Unfortunately, he said the same thing that happened 30 years ago is happening now in Shoreline. He said projects are going up everywhere and developers are using deceptive tactics. He urged the Council to consider the people before the land speculators and developers.

Mr. Olander responded to the public comments and said the City has incorporated advanced drainage techniques on the Aurora Corridor Project. He added that the City staff is aware of the "Evergreen Cities bill" and will be preparing a staff report to bring to the Council for a future meeting.

6. APPROVAL OF THE AGENDA

Councilmember McGlashan moved approval of the agenda. Councilmember Hansen seconded the motion, which carried 7-0, and the agenda was approved.

Mr. Olander suggested the Council hear the agenda items in the reverse order.

7. CONSENT CALENDAR

Councilmember McGlashan moved approval of the Consent Calendar. Councilmember Hansen seconded the motion, which carried 7-0 and the following items were approved:

- (a) Approval of expenses and payroll as of January 2, 2008 in the amount of \$3,620,310.83**
- (b) Approval of Amendment to the Interlocal Agreement with King County Animal Control Services**
- (c) Resolution No. 267 authorizing Final Design, Right-of-Way Acquisition and Construction of Aurora Corridor Improvement Project, N. 165th Street to N. 205th Street**
- (d) Resolution No. 268 Establishing a Public Hearing Date for the Vacation of Midvale Avenue for the City Hall Project**
- (e) 2008 Legislative Priorities**

9. NEW BUSINESS

- (a) Plan Area 2 Legislative Rezone for the Ridgecrest Commercial Area**

Joe Tovar, Planning & Development Services Director introduced Rocky Piro, Planning Commission Chair, who discussed the Planning Commission (PC) process and chronology of this proposal.

Mr. Piro presented the PC recommendation and noted that it has evolved over six meetings. He complimented the City staff for listening to the wishes of the public and the PC. He said there were four items that the PC worked into this proposal: 1) a commitment to sustainable development; 2) a commitment to parking management; 3) a better transition to the single family neighborhoods; and 4) beneficial tradeoffs, including a commitment for affordable housing and a “third place” experience. He concluded that the PC was satisfied with changes that were incorporated into the proposal.

Mr. Tovar explained the chronology of this proposal, noting that it began a year ago with the City engaging the University of Washington (UW) to assist the community to come up with a vision for a sustainable neighborhood in Ridgecrest. Different alternatives were considered by the public and together with the City staff, three key objectives were identified. He reviewed the proposed zoning map which addresses Council Goals 2, 5, 6, and 7. He noted that the current demographic trend is toward more households and smaller household sizes. He explained that this proposal is supported by the ideas of the Planning Department’s Speaker Series as well as Resolution No. 260, which supports the Cascade Agenda. He pointed out that the Speaker Series

covered such topics as third places, walkability, alternative transportation, road diets, and community innovations. He concluded that the usual objection to rezones is based on building design, not building size.

Steve Szafran, Planner, discussed the specific recommendations of the proposal and handed out copies of the sketch-up model. He displayed an aerial photo and noted the differences between the Planned Area 2 (PA2) zoning and the current Neighborhood Business (NB) standards.

Steve Cohn, Long Range Planner, explained that any mixed-use zoning on a ground floor must be built to commercial standards. He stated that he cannot guarantee retail will locate there, but this presents a strong incentive to attract retail usage.

Mayor Ryu asked if the ground level could be converted to living units even if it is built to commercial standards. Mr. Cohn responded that they could; however, it makes much more sense to rent the space to retail uses. He displayed a conceptual drawing he created and explained that a 65-foot building height would not occur over the entire site because of the floor area ratio standard. Based on this ratio, the building can only be 35 feet height on the residential (west) side. He reviewed the building step-backs and sketch up model which shows the site from different vantage points.

Mr. Tovar added that the sketch-up drawings were produced by the City staff to give an idea of mass and step-backs; no project design has been done. He clarified that the permit application would spell out the details of the project.

Mr. Olander stated that the motivation to move in this direction centers on issues of increasing regional density. He commented that he has been seeing more density in urban growth areas and there needs to be a way to accommodate growth without sacrificing quality of life, sustainability, and an attempt to locate new density where urban amenities exist.

Mayor Ryu called for public comment.

(a) Dick Nicholson, Shoreline, on behalf of the Ridgecrest Neighborhood Association said he and his organization have sponsored several amenities in the Ridgecrest community. He said the rezone to form-based zoning at corner of 5th Avenue NE and 165th Avenue NE is the outgrowth of the visioning initiated by the Economic Development Department. He outlined the benefits of form-based codes for the Ridgecrest Business District and said he supported the proposal.

(b) LaNita Wacker, Shoreline, urged the Council to support the item with no revisions. She said it represents the creative thinking and innovation of the University of Washington and is a compromise of all the views. She said adopting zoning codes are one of most important powers that a Councilmember has, and the Council should listen to their professional planners. She said Ridgecrest is a place where people can retire and it needs to remain affordable.

(c) Liz Poitras, Shoreline, stated that what is being proposed is a six-story building with no sustainability factors required unless the building is at least five stories high. Additionally, there is no affordable housing required unless the building is four stories high. She noted that 50-100 Crest Theater customers use the parking lot. She said if the City is dedicated to sustainability, then it should require sustainability factors in a three to four story building. She urged the Council to remand this back to the Planning Commission.

(d) Tom Poitras, Shoreline, discussed the car-sharing program in Ridgecrest. He also asked why the City amended the draft to allow an additional 30% reduction in parking. He wondered how mitigation will work and how much of it is sufficient. He concluded that this proposal sacrifices the quality of life.

(e) John Behrens, Shoreline, wanted to know what affect the rezone will have on adjacent businesses, including the Crest Theater. He also assumed that the Crest Theater will ask for the same rezone if this is approved. He commented that the number of units will determine how much they are rented for, so affordability is artificial. He concluded that they will be affordable if there are 200 units built. He asked what will happen to the traffic migrating south down 165th Avenue NE towards 3rd Avenue. He concluded that this development will create a traffic problem and become a burden to the neighborhood.

(f) Boni Biery, Shoreline, stated this item is precedent-setting for future economic development plans in Shoreline. She commented that the minimum square footage for tenants should be 800 square feet. She also asked if there are any requirements for outdoor common areas and if there was a parking option for the Crest Theater to share some of the parking spaces.

(g) Steve Pepin, Shoreline, said he has attended all of the meetings pertaining to this location and the process has evolved. He said the City got the opinions of the neighbors and took them into account with the developer's ideas and formed consensus. Based on the consensus, the zoning code was developed and this has evolved to where there is now balance between the City, the neighborhood, and the developer. He hoped the Council appreciates all the work up to this point.

(h) Jim Potter, Chairman of Kauri Investments and the developer of the project, stated that there isn't any project currently designed for the site. He concurred that parking is big issue, but there can't be assigned parking stalls. He said parking needs to be circulated with on street parking front. There will need to be innovative concepts, such as back-to-back parking. His firm is interested in improving storm water drainage His firm has a considerable amount of experience in retail and every building they have developed has retail space. He explained that the population in Ridgecrest has been going down for the past 20 years. Finally, he stated his firm has experience with the development of third places and building communities.

Responding to Deputy Mayor Scott, Mr. Potter responded that examples of their work can be viewed at www.kauri.com and it contains some buildings in Fremont and Wallingford.

Councilmember Eggen said he has viewed their website and asked why the older developments were dropped from their site. He also said he didn't see anything similar to this proposed site.

Mr. Potter replied that most of the mixed use (MU) codes didn't come into the region until the 1980's and they are currently doing a MU townhouse project in downtown Redmond. He noted that they are also working on two projects in Fremont and several in Seattle.

Councilmember Way asked if they have considered ways to make the corridor and corner across from the Crest more accessible by adding amenities. Mr. Potter commented that they have added courtyards to sites, but nothing has been designed yet.

(i) Dennis Lee, Shoreline, felt the corner of the building should be 45 degrees and the Council should insist on it being an entry. He said he is offended at the threat that the City could get bad development if the project is opposed. He said the PC is against the development, but is also afraid of no development happening or bad development occurring. He emphasized that form-based code processes need to succeed here. He stated he would also like to see a community business (CB) zone in this area that cannot be down-zoned to residential.

(j) Les Nelson, Shoreline, was surprised at the PC vote and said they were concerned about the scale of the project. He concurred that they felt threatened about it getting worse throughout the area. He assumed that this may have to be done with Growth Management Act and Comprehensive Plan amendments and the City needs to make sure what happens at the site is consistent and that the proper public process is followed. He expressed concern about the parking and the setbacks.

(k) David Layton, Edmonds, on behalf of the owner of the 7-11 property, applauded the City's vision. He said the right tools are here and the pieces are in place. His only regret, he commented, is that the real incentives for development were removed, with the exception of the Bingo site. This, he stated, leaves the 7-11 in limbo; they would love to move forward but are uncertain about what they are going to do. He noted that the 7-11 property owner supports this item.

Councilmember Way highlighted that the community values that 7-11 and it is very popular. She asked what the property owner has in mind. Mr. Layton said the owner is very interested in staying and possibly expanding into a newer facility but it depends on leasing and timing considerations.

(l) Gretchen Atkinson, Shoreline, urged the Council to approve the Ridgecrest development. She said it is an asset to our City and has the ability to be even better than North City. She added that the amenities the public will gain will be an asset and the people in the neighborhood really want this. She also stated that the developer has a great reputation and that this is a "win-win" for Shoreline.

(m) Tom Teigen, Shoreline, expressed excitement about this opportunity. He said this will not be an easy process and said some of the neighbors are anxious about it. However, as a neighbor to the proposal, he feels the City has genuinely engaged the public by bringing the University of Washington in and having over seven meetings on the item. They will continue to

have opportunities to engage the process and everyone wants to make this a success. He is in favor of the project and is looking forward to further discussions as it moves forward.

(n) Lisa Kennan-Meyer, Seattle, said she has a vested interest in the site and is an architect. She communicated that there is not any design done and the sketch-up is not what the final building will look like. She revealed some of the details of design work and other examples her firm has done on sustainable projects.

(o) Wendy DiPeso, Shoreline, commented that while she has some mixed feelings, change is an improvement over what is currently in place. However, there are still unresolved questions such as sufficient infrastructure and parking. She added that if the public understood the story height process this would be easier to understand. She highlighted that the zone change will allow the developer to return with proposals.

(p) Joe Kraus, Shoreline, discussed affordable housing and the SHAG project on 130th and Linden Avenue. He revealed the rental costs of one of the senior apartment complexes in the City. He communicated that it was expensive and seniors cannot afford to live there. He added that the builder's plan for parking is inadequate.

Mr. Olander recommended rescheduling the public hearing on the tax credits, and he will respond to all of the questions in writing. He also recommended that the Council end the meeting soon because of weather conditions.

MEETING EXTENSION

At 10:00 p.m. Councilmember Way moved to extend to the meeting to 10:20 p.m. Deputy Mayor Scott seconded the motion, which carried 7-0.

8. ACTION ITEMS: PUBLIC HEARING

(a) Public hearing to consider citizens' comments on Ordinance No. 479, amending Ordinance No. 310, Property Tax Exemption Program

Mayor Ryu opened the public hearing.

(a) JJ McCament, Tacoma, on behalf of John Stephanus, the developer of Arabella Apartments, said that three questions which generate the most interest from the public concerning property tax exemptions: 1) is it for multi-family versus single family; 2) is it an incentive or an investment; and 3) is it being offered at the expense of another taxpayer. She explained that this tax exemption was instituted by the state to encourage people to move out of single family homes and into multi-family homes when the choice becomes available to them. She urged Council support of Ordinance No. 479.

(b) John Stephanus, Kirkland, developer of the Arabella Apartments, stated that his firm cannot build the project without the property tax exemption. He highlighted that the property tax exemption allows them to build structured parking beneath the building.

Additionally, the 8-12 year program allows for reduced rents at the Arabella. He strongly urged support of the property tax exemption.

Councilmember Way inquired if the Arabella has a property tax exemption and if the property tax exemption was given to allow for the underground parking. She also said that there are neighbors who have felt the impact of parking and that the Arabella charges too much for parking in the garage.

Mr. Stephanus responded that there was a property tax exemption to allow underground parking and he noted that it costs \$25,000 - \$40,000 in building costs per parking stall. He concluded that the rate charged for parking doesn't cover that amount.

(c) Bill Austin, Redmond, Epic Asset Management, manager of the Arabella Phase 1 and manager of Phase 2, stated that the property tax exemption allowed for increased parking density. He stated that 35-40% of the people at the Arabella work in Shoreline, Lake Forest Park, and Lake City. He commented that the rent structure meets affordable housing guidelines to qualify for the 12-year program.

Councilmember Ryu asked if there was a plan for an active parking management plan because there have been complaints from residents about tenants parking in front of their houses. Mr. Austin stated that some will take care of itself as Phase 2 progresses because of more parking.

Councilmember Eggen questioned why they changed the mix from 2-3 bedrooms to 1 bedroom units and studios. Mr. Austin responded that it was to make the new units affordable and to have some economic viability.

MEETING EXTENSION

At 10:20 p.m. Councilmember Eggen moved to extend to the meeting to 10:26 p.m. Deputy Mayor Scott seconded the motion, which carried 5-1, with Councilmember McGlashan dissenting and Councilmember Hansen abstaining.

(d) LaNita Wacker, Shoreline, supported the concept. She added that the City wants affordable housing and economic development and the tax incentive is a tool that allows both to happen. She summarized that the City will be gaining property taxes from new investments, which will be far in excess of what would be received from a one-story building. She urged the Council to adopt Ordinance 479.

(e) Chung Lee, Shoreline, said he owns property on 15th Avenue and was attracted to Shoreline eight years ago because of its foresight in establishing North City. He felt the City wants to do what's desirable and what's right and there is nothing better than having a vibrant downtown area. He concluded that this is a positive thing and he supports it.

Councilmember Way moved to extend the public hearing until January 28, 2008. Deputy Mayor Scott seconded the motion, which carried 6-0, with Councilmember Hansen abstaining.

10. ADJOURNMENT

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

Scott Passey, City Clerk