

CITY OF SHORELINE

**SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING**

Monday, May 19, 2008 - 6:30 PM
Shoreline Conference Center
Mt. Rainier Room

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

ABSENT: None

1. CALL TO ORDER

At 6:30 p.m. the meeting was called to order by Deputy Mayor Scott, who presided.

2. FLAG SALUTE/ROLL CALL

Deputy Mayor Scott led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present, with the exception of Mayor Ryu and Councilmember McConnell. Mayor Ryu and Councilmember McConnell were expected to arrive later.

3. CITY MANAGER'S REPORT AND FUTURE AGENDAS

(a) Legislative Report by Representative Maralyn Chase

Julie Underwood, Acting City Manager, introduced State Representative Maralyn Chase, who provided a report of the past legislative session.

Representative Chase stated that she would focus on the following concepts: environment, economic development, condominium conversion, education, and the "precautionary principle." She said the City of Shoreline is getting a reputation around the country for being "green." She discussed the Climate Action bill and said there are opportunities for the City to participate. She highlighted that people have to stop driving so much and reduce the number of miles driven by 50% by 2050. She discussed the building of recharging stations for plug-in hybrid vehicles and the implementation of "green industries" job training. She highlighted the need to support small businesses going green and develop a skilled labor pool. She said the legislature would like to create 25,000 "green collar" jobs. She added that the legislature increased education funding, but state funding for staffing has decreased every year since 1990. She noted that COLAs and pensions will outstrip revenue growth and there is a task force working on basic education and education financing.

Continuing, she said she is very interested in cleaning up Puget Sound and low impact development. She announced that the condominium conversions bill passed, pointing out that the City lost 240 low income units between January 2004 and August 2007. She said there isn't enough affordable housing and 60% of Washington residents make less than median income. There is a "pipeline leak" in education, she explained, and it relates to every 100 students that enter the 9th grade and that 87% reach the 12th grade, 76% graduate, 40% go to college, and 19% get some type of degree. Additionally, 13% actually get a college degree and 8% receive associate degrees. She said there is also a retirement crisis in the workforce. She explained that the "precautionary principle" occurs when activity raises the threat of harm to health or environment; precautionary measures should be taken before there is hard scientific evidence. She said this involves foresight and preparation which is best linked to exploring alternatives to possibly harmful actions, to place the proof of burden on proponents of an activity, to set goals in protecting the health and the environment, and bringing democracy and transparency to decision-making that affects health and the environment. She added that the State of Washington is one of the nation's leaders when it comes to preparation for emergency response activities and the emergency response network is developing well. Additionally, the Public Health Laboratory is undergoing a risk assessment, and she hoped the Council sets up a task force about the expansion plans. Comparing risk assessment with the precautionary principle, she said a risk assessment measures how much harm can be inflicted, while the precautionary principle asks what can be done to avoid harm. If first responders are preparing for worst-case events, then the City must prepare for worst-case events in response to the expansion of the Public Health Laboratory.

Councilmember McConnell arrived 6:37 p.m., and Mayor Ryu arrived at 6:44 p.m.

Councilmember McGlashan asked how many apartments have been converted to condominiums. Representative Chase responded that there were 250 converted in Kenmore, but she was unsure of the total in Shoreline.

Councilmember Way asked for information concerning Fircrest. Representative Chase noted that the master planning process is underway and it incorporates the Fircrest School in the community. She said the master planning process is currently in Phase 2 and they will be coming to the City soon to participate in the City's master planning process. She hoped the City can build affordable housing of different kinds, assisted living, family housing, etc. She hoped Fircrest would be a global example of the best of modern growth and building planning.

Councilmember Way inquired if the "hybrid vision" was supported at the legislature. Representative Chase said there was support for it and that it is a vision, but actual planning has yet to take place. She also stated that funding was put into the housing trust fund and she will make sure Shoreline gets its fair share.

Mayor Ryu appreciated Representative Chase's support for Phase I of the Fircrest Master Plan, as it has been a goal of this Council for the past two years. She appreciated the Fircrest School being saved. She thanked Representative Chase for her efforts over the years. Representative Chase highlighted that 3-5% of the disabled population in Shoreline are severely disabled and the Federal government pays 53-57% of the care costs which also provides respite care to family

members. She noted that the hospital is on the Fircrest campus, too. She said Fircrest has some wonderful opportunities that need to be maximized.

Councilmember Eggen commented that the transit situation is troubling in Shoreline and it will require funding. He said since Proposition 1 failed the City is looking at issues and sees no indication where there will be more funding unless a new bond levy happens. He wondered what the role was of the State in the bond levy. Representative Chase responded that the role of the State keeps changing and Shoreline doesn't necessarily have to wait to make a move.

Recognizing it as a regional issue, Councilmember Eggen commented that Sound Transit is focusing on another bond issue. Representative Chase stated that Shoreline residents have paid \$3,000,000 into Sound Transit and aren't getting anything back. She asked if Sound Transit can buy shuttles and run them.

Mayor Ryu said it looks like Sound Transit II from 2008 – 2010 will be an additional \$4,000,000 per year. She concluded the discussion and said the past session was record-setting, stressful, and the Council appreciated her work and representation.

Julie Underwood, Acting City Manager, provided reports and updates on various City projects, meetings, and events. She highlighted that May 16th was Bike-to-Work Day and there were 180 riders who stopped at the Shoreline Interurban Trail Bike Station. She congratulated Shoreline Police Officer Eric White for his actions in the assistance he gave to the Edmonds Police Department in apprehending an armed robbery suspect. For his actions, Officer White received the Distinguished Service Medal of Valor at an awards ceremony on May 15th from the Edmonds Police Department.

4. COUNCIL REPORTS

Councilmember McGlashan said he took a tour of the YMCA and the building is on schedule. He said there was an open house of the new Northshore Family and Living Family center in Bothell. He thanked the fourth grade class at Dunlop Elementary School, which he visited.

5. GENERAL PUBLIC COMMENT

(a) John Murray, Seattle, stated he owns the property at 1210 North 152nd Street and shared his frustrations in trying to bring affordable housing to Shoreline. He noted he has provided low-income housing to trailer occupants and was assured by the City that he could pursue a relatively high-density, affordable housing project on his property. However, he was discouraged and saddened to find out his project will not happen. He said the development process is highly flawed and provides little evidence of fairness. He said the City also didn't request input from the other 70 property owners, nor senior citizens concerning the initial moratorium.

(b) David Crow, Shoreline, discussed the City Hall project LEED score and that this project can lead the way in green economy. He encouraged the Council to lead by example and that the City Hall project should embody this. He displayed the January 25th LEED score and

said the project is doing little on energy efficiency. He said he designed the 30 kilowatt solar generating panels which contain interpretive signage and are an educational opportunity. He commented that the parking garage is twice the footprint of City Hall and there are four other surface parking options considered. He communicated that a permeable tarmac surface is better than what is proposed and the City should do something to get a better transit service at the site.

(c) Dennis Lee, Shoreline, thanked the City staff and Planning Department for the Southeast Subarea Neighborhood Plan meeting. He said there will be a PowerPoint with neighborhood issues listed to get people to think about land use.

(d) Les Nelson, Shoreline, commented that the City adopted the RB, CB terms in 1998 and they have caused confusion ever since. He stated that the City staff advertised Ordinance No. 505 and it passed last week. He read the moratorium wording and said it is confusing. He hoped that in the future the City can clearly define these terms and be clear about land use and zoning.

(e) Joe Krause, Shoreline, said he doesn't trust planners because they sound like developers. He said eight months ago the permit said the building would be 65 feet high with 15 feet more for equipment, which means 80 feet, or 8 stories. He said the studies need to be done by an independent person and that the affordable housing around 130th and Linden is in the \$700 range. The developers make it sound like a bargain, but the planners don't inform the public about it. He said the traffic and the parking study were given to the Planning Department and he was told that the Murray's attorney made a mistake with the study.

Ms. Underwood commented that Mr. Crow met with Jesus Sanchez regarding City Hall and that the City is striving for LEED gold certification.

Councilmember Way asked that any current documentation on LEED scoring be forwarded to the Council. She asked about Les Nelson's notice being advertised and the ordinance summary wording. Mr. Sievers replied that land use district is the legal term for zone. Mr. Tovar added that the RB wording has been problem for a while and the City staff will work on permanent regulations for the RB zone.

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

(a) Ordinance No. 500 Amending the Shoreline Municipal Code Chapters 20.50.020 and 20.50.230 to Establish Transition Area Requirements for Development of Land in Regional Business (RB), Community Business (CB) and Industrial (I) Land Use Districts in Proximity to Residential Neighborhoods

Julie Underwood, Acting City Manager, commented that the City staff has brought back some language and the recommendations of the Planning Commission. She noted that the City staff is seeking action on Ordinance No. 500.

Joe Tovar, Planning & Development Services Director, gave a brief overview of the history and evolution of the transition area requirements. He cautioned the Council that if they wanted any

additional changes or edits the City staff could advise them if they are able to be done or not. He noted that the City staff recommendation is to adopt the item and make changes later after the public process. He further explained that the protection afforded by this draft will not be available if it is not adopted tonight.

Mayor Ryu asked about transition areas in CB. Mr. Tovar said this would also require a work program to look at tree retention requirements. He said the City staff can come back with responses to various issues important to Council, to include landscaping standards in all land uses. Mayor Ryu asked if landscaping and tree retention could be available to discuss in the next six months. Mr. Tovar said that can occur. Mayor Ryu commented that things she would like to look at in the RB zone include transition, significant tree retention, increases in pervious surface, and density bonuses. She inquired whether these RB items could apply to the CB zone once they are studied and implemented. Mr. Tovar confirmed that they would.

Paul Cohen, Planner, discussed Ordinance No. 500 and noted that it addresses issues related to rooftop equipment. He highlighted the alternative language. He added that everything fits under the 2:1 slope requirement, but limits what can happen on top of the building and includes transparent safety railings.

Councilmember Way moved to adopt Ordinance No. 500 Amending the Shoreline Municipal Code Chapters 20.50.020 and 20.50.230 to Establish Transition Area Requirements for Development of Land in Regional Business (RB), Community Business (CB) and Industrial (I) Land Use Districts in Proximity to Residential Neighborhoods, Councilmember Eggen seconded the motion.

Mayor Ryu called for public comment.

(a) LaNita Wacker, Shoreline, said the diagram and ordinance address transition. She said this legislation takes 80 feet from the RB property. She noted that it is 70 feet on the other side by the residential. She said this equals a downsizing of 150 feet. She said there is a limited amount of land space and this is clearly a taking because it diminishes the economic value of the property and reduces the amount of shelter. She said this could be amended by eliminating the stepbacks on the street side. She noted that this has been going on for seven months and the City has had ample time to notify the 70 property owners. She said the City's actions have diminished opportunities for affordable housing.

(b) Susan Melville, Shoreline, highlighted that Representative Chase said the median income is \$60,000 and having an income of less than \$45,000 qualifies people for affordable housing. She said the Murray's property was appraised at \$1,500,000 and Ms. Wacker owns properties, too. She introduced Lila Amadon and Juanita Grim. Lila, she commented, has lived on Stone Avenue for 60 years and Juanita has lived on Interlake for 40 years. Both of them make much less than \$45,000 and the rents would not be appropriate to pay either. She commented that the median income for seniors need to be determined and then properties should be built based on that number.

(c) Joe Krause, Shoreline, urged extending the moratorium on Ordinance No. 488 for enough time to add amendments. He noted that there was public comment stating this needed to be adopted. He said this property is in very big demand and is close to Seattle. He felt there are plenty of developers who would like to build. He hoped Shoreline has the courage to put this on hold.

(d) Les Nelson, Shoreline, supported the extension of the moratorium to address the scale of the buildings. He said the high density allowance was added to the Code in 2000 and it didn't go through a public process. He stated that the comprehensive plan (CP) amendment, Ordinance No. 276 introduced the term RB and it wasn't supposed to be above R-48. Thus, he felt that last week's decision of R-110 is still out of conformance with the CP and developers can still develop high densities. He added that Ordinance No. 500 still allows an 80-foot building next to single-family zones. He urged the Council to create a true transitional zone.

(e) Dennis Lee, Shoreline, commented that this is unplanned density and wanted to know why the Ordinance cannot be extended. He reminded the Council that there was a problem and there was discussion about having RB north of 185th. Meanwhile, the zoning designation got changed from CB to RB, but the Comprehensive Plan was never changed and that's why this came up. He said there was an assumption that R-48 would be next to R-24. He said the drawing in the packet shows the slope, however, there is no case in the City where there will be single family on both sides of property. He urged the Council to extend the moratorium.

(f) Dwight Gibb, Shoreline, stated that it isn't clear how the RB change was done and whether the Code should be consistent with the CP. He questioned if the Code should follow the CP, which follows the Growth Management Act. He did not understand how the R-110 designation is an absolute limit and whether or not buying two lots and doubling them up on one is acceptable. He said having an 80 foot building 20 feet way from residences is not a transitional zone. He also doesn't know how this arrangement has centered on one specific site. He noted that the Council's responsibility is to pass laws based on informed opinions.

Mr. Tovar noted that the regulations for RB zones apply to everything in the City that is zoned RB. He said this legislation isn't being proposed to solve the problem of one specific property; it will apply to every RB zone in Shoreline. He explained that the moratorium is on projects that have a multi-family component within 90 feet of the CB, RB, and I zones. He said this concerns projects that go beyond multi-family zones.

Deputy Mayor Scott stated that this doesn't preclude the Council from addressing transitions. Mr. Tovar responded affirmatively and stated the Council could direct the City staff to look at other areas such as landscaping standards. Deputy Mayor Scott inquired how many subject properties do not have direct access to Aurora Avenue. Mr. Tovar responded that it is a small fraction of the total. He stated that a majority of the RB zones abut or have access to Aurora Avenue or Ballinger Way.

Councilmember McGlashan moved to amend the vertical slope designation from 2:1 to 1:1. Councilmember Hansen seconded the motion.

Councilmember McGlashan questioned why there will be railings and other amenities with a 2:1 slope; he suggested that the slope be 1:1. He added that he is disappointed that the lot development is gone. He noted that the Council is challenged with protecting citizens. He said he is not comfortable telling someone the City is going to devalue their property.

Councilmember Eggen commented that Mr. Cohen's amendment allows railings to exceed the slope as long as they are not solid railings that impede views.

Councilmember Hansen clarified the amendment that with a 1:1 slope any fencing would have to stay within the 1:1 envelope.

Councilmember Way supported the City staff and Planning Commission recommendation.

A vote was taken on the motion to amend the vertical slope designation from 2:1 to 1:1, which failed 3-4, with Councilmember McGlashan, Councilmember McConnell, and Councilmember Hansen voting in the affirmative.

Councilmember Eggen said he didn't understand where the 800 foot open space would be in item 2(b).

Councilmember Eggen moved to replace the language in item 2(c) "may approve" with "may work with neighbors within 500 feet to develop." Councilmember Way seconded the motion. Councilmember Way moved to add the language ", significant tree preservation, and a solid eight-foot property line fence for transition area setbacks" after the terms "Type 1 landscaping." This was accepted as a friendly amendment.

Mayor Ryu asked about the possibility of increasing tree retention or buffering and giving neighbors more say in the process. Mr. Tovar said he is curious about the suggestion of consulting with neighbors, because didn't hear "authorizing the City to approve something different," which would retain some discretion and help the City staff determine the community value.

Mr. Cohen stated that when the City gets the neighbors within 500 feet to a meeting, consensus is difficult to achieve because abutting property owners have a greater stake in the proposal.

Councilmember McConnell said she understands the intent, however, the wording is vague. She said she can't support it like this. However, she was concerned about significant trees.

Mr. Tovar commented that the focus was on alternative screening. He felt the language should be reviewed when the item is addressed over the next six months.

Councilmember Eggen withdrew his motion.

Councilmember Way moved to add the language after the word "landscaping" in item 2(c) ", significant tree preservation, and solid eight-foot property line fence for transition area setbacks. The City may work with neighbors based on their comments to develop an

alternative of equal value and potential canopy cover and the City may approve an alternative landscaping buffer.” Councilmember Eggen seconded the motion. Mr. Tovar suggested this be based on public comment and added “with substitute tree species, spacing, and size, provided that the alternative materials will have equal value and achieve at least equal tree canopy” after the term “buffer” in the proposed language. Mr. Cohen proposed striking “based on their comments” and adding “based on comments at a public meeting held by the City staff, the City shall...”

Councilmember Hansen could not support the proposed changes because he felt that these are very subjective words being introduced. He said he supported the original staff recommendation. Councilmember McGlashan agreed and asked how significant tree preservation is different from the City’s current tree regulations. Mr. Cohen responded that it ensures significant trees are included in the landscape buffer.

Councilmember Eggen stated that trees 5-10 feet within a foundation are not preserved, however, he isn’t sure the Council should mandate them. He asked if this going to require the City to do the impossible.

Councilmember Way suggested including arborist approval. Mr. Cohen noted that arborist approval is already in the regulations.

Deputy Mayor Scott highlighted that Shoreline is a built-out community and taking advantage of trees and buffers is good instead of waiting for the saplings to grow. Mayor Ryu agreed and supported the motion.

Councilmember McGlashan disagreed because he felt this doesn’t provide incentives for property owners and it constitutes a taking.

A vote was taken on the motion to add the language after the word “landscaping” in item 2(c) “, significant tree preservation, and solid eight-foot property line fence for transition area setbacks. The City may work with neighbors based on comments at a public meeting held by City staff the City may approve an alternative landscaping buffer with substitute tree species, spacing, and size provided the alternative will have equal value and achieve equal tree canopy,” which carried 5-2, with Councilmember Hansen and Councilmember McGlashan dissenting.

Councilmember McGlashan moved to strike "or across street rights-of-way from" from page 17, line 2. Councilmember Hansen seconded the motion. Councilmember McGlashan explained there isn’t a need for setbacks on the street side because there is already a 90-foot buffer.

Mr. Tovar said this is based on the premise of having an intervening ROW such as amenity strips. He felt the amendment was good because it creates more flexibility in the RB zones.

Mayor Ryu pointed out that section 2 in Ordinance No. 488 says that any parcel of the RB, CB, and I zones is 90 feet. Now, she said, the City staff recommendation says the 90 foot radius is

gone and substituted by abutting or across the street from. She wanted to know how many properties would be affected by this new legislation. Mr. Cohen stated that it would be from three to five properties.

Councilmember McGlashan revealed that the ROW was lowered to 90 feet because of the trail. Mr. Tovar agreed and stated it had to do with the Interurban Trail.

Councilmember Eggen moved to substitute for the previous striking amendment the following language: "utilize a 1:1 stepback if there are single family residences across the street, and a 2:1 stepback if there is an abutting single family residence." Deputy Mayor Scott seconded the motion.

Councilmember Way felt that this goes against the spirit of the original moratorium and the language clearly says 90 feet, which was the language the Commission and City staff proposed.

Councilmember McGlashan said that the original said within 90 feet.

Councilmember McConnell asked Councilmember Eggen if he was trying to amend this because it feels like a compromise. Councilmember Eggen responded that he was in an attempt to make both sides equivalent.

Councilmember Ryu did not support the amendment. She asked if changes can be made to add to the language "within 90 feet of R-4, R-6, R-8..."

Deputy Mayor Scott commented on the City staff and Commission recommendation. He felt the Commission came up with a reasonable solution but thought it was looking to soften the impact by creating as much of a buffer as possible. He was more comfortable with the Commission recommendation.

A vote was taken on the substitute, which failed 2-5, with Councilmember Eggen and Councilmember McConnell voting in the affirmative.

A vote was taken on the motion to strike "or across street rights-of-way from" from page 17, line 2," which failed 2-4, with Councilmembers Hansen and McGlashan voting in the affirmative and Councilmember McConnell abstaining.

Mayor Ryu asked why the moratorium language of "within 90 feet of R-4, R-6, or R-8 zones shall meet the following transition area requirements" was changed. Mr. Cohen explained that it was an unstudied threshold reason to establish a moratorium. Now that the studies have been done, it was found that most of the abutting properties that trigger transition area requirements are usually greater than 90 feet in depth. Therefore, he concluded, this is mostly an academic problem, not a real problem.

Councilmember Way moved to insert the word "abutting" after the words "without an" in item 2(b) and insert "However, the additional open spaces may be adjusted or combined to preserve significant trees..." at the end of item 2(b). Mayor Ryu seconded the motion.

Mr. Cohen commented that there was some flexibility with the 800 square feet of open space, but this adds more flexibility, where it would occur. He also responded to Councilmember McGlashan that the 50 feet of wall came from the City staff looking at development and the bulk of existing new houses and larger buildings. He said the length was workable.

Councilmember Way felt this would make an effective transition and takes advantage of spaces provided. Mayor Ryu agreed, noting that trees can make natural courtyards.

A vote was taken on the motion to insert the word "abutting" after the words "without an" in item 2(b) and insert "However, the additional open spaces may be adjusted or combined to preserve significant trees..." at the end of item 2(b), which carried 5-2, with Councilmembers Hansen and McGlashan dissenting.

Councilmember Way discussed the potential for the future and looking at additional ideas on transitioning. She said Ordinance No. 505 will be in front of the Council within the next 6 months, so there will be a lot of opportunities to do transition code that is even more effective. Mr. Tovar added that in the next 6 months the Council will also see proposals for RB zoning designation and tree retention requirements. Councilmember Way asked if there would be an opportunity to address issues about scale. Mr. Tovar replied that it will be an issue with RB and in the subarea plans.

Councilmember Hansen felt the proposed ordinance is too restrictive. However, he said he will vote in favor of it because it represents a compromise, and there is no way the Council can justify an emergency extension of the moratorium.

Mayor Ryu wanted to know if design standards would be included in this item. Mr. Tovar responded that the Council talked about having a committee for that. He said the City staff will need direction on how to proceed.

A vote was taken on the motion to adopt Ordinance No. 500 amending the Shoreline Municipal Code Chapters 20.50.020 and 20.50.230 to establish Transition Area Requirements for Development of Land in Regional Business (RB), Community Business (CB) and Industrial (I) Land Use Districts in Proximity to Residential Neighborhoods, as amended. Motion carried 5-1, with Councilmember McGlashan dissenting and Councilmember Hansen abstaining.

RECESS

At 9:21 p.m. Mayor Ryu called for a five minute recess. Mayor Ryu reconvened the meeting at 9:31 p.m.

(b) 2007 Fourth Quarter Financial Report

Debbie Tarry, Finance Director, stated that the General Fund revenue including carryovers totaled \$29,776,251 which was greater than the projected revenue of \$29,001,142 which is also

an increase of 7.26% over total 2006 revenues. She stated this is primarily the result of increased revenues from sales tax, utility tax and franchise fees, permit revenue, investment interest grants and recreation fees. She highlighted total expenditures including carryovers is \$33,334,508 which is \$502,978 below projected expenditures. Overall, she highlighted that the net result of revenues exceeded projections by \$775,110 and expenditures being \$502,978 below projections increased the fund balance by \$1,278,080. In 2007, she said the City staff projected a 2007 budget savings of at least \$545,000 and these monies were transferred to the City Hall project in 2007. With that said, the final 2007 savings were \$1.278 million greater than the original projection. In March 2008, the City Council authorized \$446,265 of these savings for the City Hall project, leaving \$831,815 of net savings unallocated. At this time, she noted that the City staff is recommending that the remaining savings be allocated as follows; \$81,000 for City Hall Project Utility Hookups, \$500,000 for the City Hall Project, and \$250,000 for the City's new telephone system acquisition.

Ms. Tarry continued and discussed the Street Fund. She noted that the revenues were \$2,367,674, which is \$37,501 above projected revenue. She announced that right-of-way fee revenue was above projections by \$35,615 due to increased activity, investment interest was above projections by \$21,332, and fuel tax collections were below projections by \$17,674. Total expenditures from the fund including carryovers were \$2,464,321. This, she noted, is \$68,231 below projected expenditures of \$2,532,552 and the total ending fund balance is \$984,322.

Ms. Tarry discussed the Surface Water Utility Fund. She stated that the total revenues in this fund were \$3,850,061. This, she announced, was \$117,053 more than projected. She said the fund was primarily affected by the investment revenue being above projections, the City receiving \$117,876 from Hidden Lake mitigation, \$75,000 in grant revenue carryover, the City receiving 1.24% less in storm drainage fees collected, and \$290,635 of unused funds in the Public Works Trust Fund. She continued and said that expenditures including carryovers in this fund were \$4,159,152. This, she stated, is \$341,118 below projected expenditures. She stated that the operating expenditures were \$98,234 under projections and capital expenditures were \$242,884 under projections. The ending balance for this fund is \$6,308,410 which includes all revenue and expenditure activity and the requested carryovers.

She reviewed the Capital Fund revenues including carryovers which were \$5,895,470. This amount is \$816,414 above projected revenues, she announced. She explained that the primary reason for the better than expected revenue is \$719,498 in unanticipated revenue from investment interest. She said investment interest was primarily higher than projected because of major land purchases funded by the 2006 bond proceeds occurring later than originally projected. Real Estate Excise Tax (REET) collections were \$148,708. The 2007 expenditures including carryovers were \$14,100,698. This is only \$216,841 over projected expenditures. Finally, the resulting 2007 ending Capital Fund balance is \$15,611,586.

Ms. Tarry continued with the Roads Capital Fund. She said the revenues including carryovers were \$8,821,909. This represents \$416,396 below projected revenues. Revenues, she highlighted, were less than expected due to project timing delays for grants, and lower than expected investment interest and fuel tax revenues. She also noted that Real Estate Excise Tax (REET) revenue was \$148,708 or 16.2% better than projected. The 2007 actual expenditures and

carryovers were \$13,674,446. In summary, this is \$634,039 or 4.43% below projected expenditures of \$14,308,485 and the resulting 2007 ending fund balance is \$5,844,344.

Councilmember Hansen commented that casino and gambling revenues are steadily declining because it is getting harder to compete with the tribal casinos. He congratulated Ms. Tarry on a great presentation and stated that it is clear that the margins between revenues and expenditures are getting thinner.

Mayor Ryu called for public comment.

(a) Michael Grunson, Shoreline, encouraged people to drive less and shop Shoreline and gamble locally. He urged people to think globally, but act locally.

Councilmember Way discussed the surface water utility fund on page 112. She wanted to know why the revenues are down in that fund. Ms. Tarry said it is primarily related to the capital side of the fund because some of the projects didn't occur during the timeframe they were anticipated. As a result, the revenues related to the projects weren't received. Councilmember Way confirmed that the funds are still available, but weren't reported because they weren't used.

Councilmember Eggen asked about a "rainy day fund" and if it was possible to use the 2007 surplus. Ms. Tarry stated that there is a fund and last year the Council revised the policy. This fund, she explained, is the revenue stabilization fund and it is equal to 30% of economically sensitive funds, which is about \$6,000,000. She highlighted that it helps with cash flow. She also said there are budget contingencies such as \$3,800,000 in reserves, and \$9,000,000 operating reserve which are reserves not to be used for ongoing operating needs.

Councilmember Hansen commented that there is state legislation concerning a reserve limit. Ms. Tarry responded that the State's regulations allow the City to regulate it though the revenue stabilization fund.

Councilmember McGlashan said the report is clear and easy to understand. He inquired if it has been presented to the Long Range Financial Planning Committee. Ms. Tarry said it has not because they have been busy with the budget and long-term financial projections.

MEETING EXTENSION

At 10:03 p.m., Councilmember Way moved to extend the meeting until 10:30 p.m. Mayor Ryu seconded the motion, which carried 7-0.

Mayor Ryu asked if Shoreline households are having problem paying their bills. Ms. Tarry replied that the City doesn't get that information. She said there are electricity funds available to assist needy households with their bills.

Mayor Ryu noted the gambling income drop and asked if any businesses were closed during the quarter. Ms. Tarry responded that there weren't any that closed; however, the Hideaway reopened in 2008.

Councilmember Way noted that the Parks, Recreation and Cultural Services fee revenue went up. Ms. Tarry explained that it is really based on participation and facility rentals related to fields. She added that there have been more rentals and fees have been increased. Additionally, there has been increased usage in general recreation, especially aquatics.

Mayor Ryu asked if there was an increased expense because of additional programs. Ms. Tarry responded that the department still came in under budget by 3%, even with the added programs.

Councilmember McGlashan noted that 1.2% of the additional revenue was from facility rentals. He wondered if that was a little low since the field rental rates were increased. Ms. Tarry replied that the projections were revised in 2007 and if it was compared to the budget it would be significantly higher.

(a) Proposed 2008-2009 Council Goals and Public Input Process

Ms. Underwood noted that this item came from the goal-setting retreat. She said the Council reviewed the 10 goals, and 8 of them are ongoing goals. Two are the proposed goals for next year. She noted that the first goal is to complete the projects approved with the 2006 Parks Bond and the second goal is to implement the Economic Development Strategic Plan. She reviewed both of the goals in detail.

Councilmember McGlashan commented that the City doesn't have much control over the Park-n-Ride on Aurora and 192nd Avenue. Ms. Underwood explained that WSDOT and King County own the property and are very interested in working together to redevelop that site. Mayor Ryu expressed the City's intent to stay involved in that project.

Mayor Ryu said it makes sense to hear from the Economic Development Advisory Committee (EDAC) and allow it to establish a plan to present to the Council. She noted that the Chamber of Commerce has a Green Business Certification process and wondered if the City staff planned on partnering with them. Ms. Underwood replied that they are open to that. Councilmember Eggen commented that he would like to get some input from the EDAC.

Councilmember Way suggested that this goal include an emphasis on green building, low impact development (LID), renewable energy, LEED in #C for the new City Hall building. Ms. Underwood added that the City will be striving for a LEED gold certified City Hall facility.

Councilmember Eggen commented that the vision workshops were focused primarily on future growth and development and it seemed vague. He wanted the Framework Policies clarified.

Councilmember Hansen pointed out that these are goals, not work plans.

Councilmember Way felt that the Council shouldn't focus visioning only on growth and development. She felt it involves the City's values too.

Deputy Mayor Scott explained that this is supposed to represent a comprehensive look and the Council will have to be careful, because the bullets (details) tend to gather the most attention.

MEETING EXTENSION

At 10:30 p.m. Councilmember Eggen moved to extend the meeting to 10:45 p.m. Mayor Ryu seconded the motion, which carried 7-0.

Ms. Underwood reviewed the sub-bullets under the two newly proposed goals.

Councilmember Way asked about tree retention and Mayor Ryu pointed out that it is included in the forest management portion. She also suggested adding an energy and climate change policies bullet. She said it will be a framework that will be addressed in the Comprehensive Plan, Environmentally Sustainable Community Plan, and in the Transportation Plan. She also added a bullet to consider the public health laboratory plans at Fircrest. She inquired about having a full database of all groups that work with the City to be coordinated by a City employee. Ms. Underwood responded that in order to have a lean City Hall the City staff is for the most part decentralized and City employees utilize their own volunteers, consultants, and networks to complete tasks.

Councilmember Way urged the City staff to explore it and move towards more centralization. She wondered if there was any plan to connect the bike and walking trails in a plan. Ms. Underwood responded that they are meant to be included in the Citywide Trail Connection Plan and in the Transportation Plan.

Councilmember Way suggested adding a theme of “healthy city” as a sub-bullet to the human services goal. She also suggested adding a reference to senior services. Ms. Underwood noted that seniors are called out in the Human Services Plan.

MEETING EXTENSION

At 10:45 p.m. Councilmember Way moved to extend the meeting to 10:50 p.m. Councilmember Eggen seconded the motion, which carried 7-0.

There was discussion of the timeline for adopting the Council goals. Ms. Underwood proposed having the first community meeting in mid-June at the Shoreline Fire Station and a second two weeks later at the Shoreline Center. She felt it could be adopted by mid-July.

8. ADJOURNMENT

At 10:52 p.m., Mayor Ryu declared the meeting adjourned.

Scott Passey, City Clerk