

DRAFT

CITY OF SHORELINE

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

Monday, July 24, 2006
7:30 p.m.

Shoreline Conference Center
Mt. Rainier Room

PRESENT: Mayor Ransom, Deputy Mayor Fimia and Councilmembers Gustafson, Hansen, McGlashan, Ryu, and Way

ABSENT: NONE

1. CALL TO ORDER

The meeting was called to order at 7:32 p.m. 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.

(a) Proclamation for "Celebrate Shoreline"

Mayor Ransom read the proclamation and presented it to "Celebrate Shoreline" Committee members Gretchen Atkinson and Ellen Sullivan.

Ms. Atkinson said it was fun preparing for the event this year. Ms. Sullivan invited residents to attend, stating it will be bigger and better than ever. Lynn Cheeney, Parks and Recreation Superintendent, invited everyone to the event and thanked the Mayor for the proclamation.

(b) Proclamation for "Parks, Recreation, and Cultural Services Month"

Mayor Ransom read the proclamation and declared the month of July 2006 as Parks, Recreation, and Cultural Services Month in the City of Shoreline. He presented the proclamation to Shoreline Parks, Recreation and Cultural Services Day Camp Directors Sarah Werder and Diana Browne. Lynn Cheeney, Parks and Recreation Superintendent stated that the parks are thriving in Shoreline and thanked the department and the day camp staff.

Mayor Ransom announced that earlier today, a commendation was presented to Ms. Verna Moss on behalf of the City of Shoreline in recognition of her 100th birthday.

3. REPORT OF THE CITY MANAGER

Bob Olander, City Manager, provided updates and status reports on the following items:

- There will be an open house on July 29th from 10:00 am – 12:00 pm at the Richmond Beach Saltwater Park main picnic shelter to continue gathering public input on the Master Plan for the park.
- Tuesday, August 1st is the National Night Out Against Crime. Residents are encouraged to participate.
- Work on the field turf installation at Shoreline Fields A&B is reaching its final stage.
- Aurora Corridor Update – girders for N. 155th Street will be installed on July 26th and the road will be closed temporarily that day to accommodate the girders.
- Concrete curb ramps, catch basins, and asphalt have been installed along 10th Avenue SE from Ridgecrest to 170th Avenue NE.
- Next Council meeting is August 21st.
- The Shoreline Concert Series continues on July 25th at Richmond Beach Saltwater Park.

Councilmember Way commented that the Climate Change meeting with the King County Council was well attended.

4. REPORTS OF BOARDS AND COMMISSIONS: none

5. GENERAL PUBLIC COMMENT

(a) Charlotte Haines, Shoreline, on behalf of the Board of Commissioners of the Shoreline Water District (SWD), invited the Council and Shoreline residents to celebrate the Water District's 75th Anniversary festivities, which will be held on August 5th.

(b) Mike Bolton, Shoreline, suggested there be revisions to the Shoreline Municipal Code (SMC) concerning vehicle parking. He said he was fined for having a covered vehicle in his carport because it was considered to be a "junk vehicle." The vehicle is a 1936 Chevy coupe that he is restoring, he explained. He said the ordinance is vague, and he provided some draft language to correct the problem. He urged the Council to revise the language in the Code.

Councilmember Way inquired if he was working on the vehicle and how this was brought to the City's attention.

Mr. Bolton responded that he is not sure how the City was notified about his vehicle. He said the car is located at the end of his 100-foot driveway, behind the house, and under a carport. He mentioned that the car is not visible from the road. He said he did not receive any prior notification or any explanation from code enforcement. Currently, he

has been granted an extension to file an appeal, and he is attempting to change the code because auto restoration is just a hobby for him.

(c) Mark Deutsch, Shoreline, said the new Council has been in place for six months. He said there was a claim in the spring that the Council was beginning to work together; however, he felt the Council focus has been on rules and procedures rather than getting City business done. He said it is odd because even though certain rules were designated about how to talk during the meetings, the amount of discussion has exceeded the deadlines that were set, thus causing meetings to be extended. He said the Council selectively works together and apply the rules of the majority to the Council as a whole. Recently, rules were waived concerning a Council action that needed to be taken, but the majority was unprepared so it was postponed. He is concerned that the Council is not working together effectively.

Mr. Olander responded that he will provide a written report to the Council concerning Mr. Bolton's enforcement action.

6. APPROVAL OF THE AGENDA

Councilmember Way proposed moving action item 9(e) up to 9(b). **Councilmember Hansen moved approval of the agenda, moving action item 9(e) up to 9(b). Councilmember Gustafson seconded the motion, which carried 7-0.**

7. CONSENT CALENDAR

Deputy Mayor Fimia moved approval of the Consent Calendar. Councilmember Ryu seconded the motion, which carried 7-0, and the following items were approved:

**Minutes of Regular Meeting of May 22, 2006
Minutes of Study Session of June 19, 2006
Minutes of Business Meeting of June 26, 2006**

**Approval of expenses and payroll as of July 14, 2006
in the amount of \$3,668,891.36**

**Approval of Contract for Parks Landscape and
Maintenance Services**

**Motion to Authorize the City Manager \$20,000 in
Additional Contract Contingency Authority and to
Execute a Contract Amendment with KBA to Extend
Construction Management**

8. ACTION ITEM: PUBLIC HEARINGS

- (a) Continued public hearing to receive citizens' comments on the Six-Year 2007-2012 Capital Improvement Program (CIP)

(This hearing was continued from the Council meetings of July 10 and July 18)

Mayor Ransom called for public comment.

1) Jennifer Middlebrooks, Shoreline, requested installation of a traffic light at 170th Avenue NE and 15th Avenue NE. She said there are no sidewalks and there have been two pedestrian deaths and several accidents. She added that the pedestrian light at the intersection is not helpful because the cars don't stop at the intersection. She said there needs to be a traffic light or a study done at that location.

Councilmember McGlashan inquired what was impeding the view of the drivers.

Ms. Middlebrooks responded that two trees, the terrain, and a chain link fence in front of the sidewalk impede the views of motorists.

Mr. Olander said this will be discussed later on in the agenda.

Upon motion by Councilmember Ryu, seconded by Councilmember Hansen and carried 7-0, the public hearing was closed.

9. ACTION ITEMS: OTHER ORDINANCES, RESOLUTIONS AND MOTIONS

- (a) Ordinance No. 431 amending the City's Official Zoning Map Tile Number 451 changing the Zoning from Residential 8 DU-AC (R-8) to Residential 12 DU-AC (R-12) of one parcel located at 18016 Stone Avenue N (Parcel Number 7276100285)

Joe Tovar, Planning and Development Services Director, requested that this item be postponed until the Planning Commission Chair arrives so that he can provide the Planning Commission recommendation. He requested that the hazardous tree ordinance be considered next.

Councilmember Hansen moved to table this item until Planning Commission Chair arrived. Deputy Mayor Fimia seconded the motion, which carried 7-0.

- (b) Ordinance No. 434 amending the Shoreline Municipal Code to update Regulations relating to Tree Cutting, amending SMC 20.50.310 regarding Exemptions from Permit Requirements for Hazardous Trees

Matt Torpey, Planner explained that this item was carried over from the City Council meeting on July 10. He noted that the Council requested two amendments and one informational item at that meeting. He detailed each of the three Council requests and explained the revisions to the critical areas regulations.

Councilmember Way informed the Council that dead trees are considered to be almost as valuable as live trees to wildlife managers because they provide extraordinary habitat opportunities for living creatures.

Councilmember Hansen noted that Aegis has erected six snags as part of their mitigation to improve the habitat. He said several redwing blackbirds and other species have made it their habitat. He commented that some of the snags are twenty to thirty-feet high.

Mr. Torpey pointed out that the average cost for a hazardous tree evaluation is \$110 - \$220 per tree, which includes completion of a hazardous tree evaluation form.

Mr. Tovar commented that he has reviewed the additional comment letters he received and is comfortable in recommending that there is no need to revise the Determination of Non-Significance (DNS), so the Council can proceed and adopt this ordinance.

Councilmember Hansen moved to adopt Ordinance No. 434. Deputy Mayor Fimia seconded the motion.

Ian Sievers, City Attorney, pointed out that there is no further public comment on this item because the public hearing has been closed.

Deputy Mayor Fimia said the fact that there are sign-in sheets for this item give the impression that public comment will be accepted. She asked staff to ensure that the procedures are made clear for future meetings.

Councilmember Hansen asked if the letter from Michael Jacobs was considered in the decision. Mr. Tovar responded that it was.

Councilmember Way moved to strike the term "recreational trails" from Section 20.50.310(A)(1)(G) of the Ordinance. Deputy Mayor Fimia seconded the motion.

Mr. Tovar explained that the Planning Commission also debated whether recreational trails should be included, but ultimately decided to include it.

Councilmember Ryu supported Councilmember Way's amendment because the term "recreational trails" is redundant with the last sentence of the paragraph.

Deputy Mayor Fimia said the possibility of including the trails on the map was mentioned last week. She noticed that they aren't included in the ordinance and wondered if they were part of the administrative rules.

Mr. Tovar said he anticipated issuing an administrative order detailing how it will be done.

Mayor Ransom noted that the hazardous tree ordinance has been a thoroughly discussed item and the public hearing was well-attended.

Mr. Tovar mentioned that the Planning Commission recommended denial of the critical areas stewardship plan. He offered to review the history, the Planning Commission decision, and the testimony from the public with the Council. Concurrently, he said he could then get direction from the Council and come back with some proposals regarding a stewardship plan.

Councilmember Gustafson asked Mr. Tovar if he thought there should be a way to waive the director's approval if there is a life-threatening situation or emergency.

Mr. Tovar pointed out that the code allows the director "or his designee." He clarified that the Customer Response Team (CRT) is the designee for the director after hours.

Councilmember Gustafson noted that there may be a time when the director and CRT are not available.

Councilmember McGlashan felt the term "recreational trails" referred to the trails in City parks, which is public property. He felt the other language regarding trails referred to privately-owned property.

Mr. Tovar said the staff recommendation was that any trail proposed by the property owner, whether it is a recreational trail or on private property, would be considered a trail.

Councilmember Gustafson felt the term "recreational trails" helps clarify the intent, so he opposed the amendment.

Councilmember Way explained that the proposed language covers any problem that may arise.

A vote was taken on the motion to strike the term "recreational trails," which carried 5-2, with Councilmembers Gustafson and Hansen dissenting.

Responding to Councilmember McGlashan, Mr. Tovar explained that this code relates to hazardous trees in both critical and non-critical areas. He noted that the current regulations allow for the removal of six trees in non-critical areas in a 36-month period. He said staff developed a critical areas stewardship plan and brought it to the Planning Commission, but the Commission decided not to move forward with it. However, staff can present it for the Council's consideration.

Councilmember Gustafson inquired if there was a limit on the amount of time it takes the director to get the completed tree evaluation form, the permit exemption form, and the risk assessment form back to the resident. He suggested that staff try to have the paperwork completed within 10 working days.

Mr. Tovar responded that 10 working days is feasible.

Councilmember Gustafson suggested that language to this effect should be included on the Hazardous Tree Evaluation Form. He also suggested that "peer review" in Section G should be deleted, and the director and the arborist should make the decision. He felt that peer review would be another layer of additional time and cost to the resident that is not needed.

Mayor Ransom asked if a peer review is intended to be part of the appeal process.

Mr. Tovar said it was not, but it was designed to be consistent with direction from the Council earlier this year concerning critical areas.

Councilmember Gustafson moved to strike the second sentence in SMC 20.50.310, Section A.1.G., to read "G. No permit exemption request shall be approved until the Director reviews the submitted forms and conducts a site visit. ~~The Director may direct that a peer review of the request be performed at the applicant's cost, and may require that the subject tree(s) vegetation be cordoned off with yellow warning tape during the review of the request for exemption.~~" Councilmember Hansen seconded the motion.

Rocky Piro, Planning Commission Chair, noted that the Planning Commission felt that a peer review was reasonable and prevented possible bias. He also said it accommodates an appeal process.

Mr. Olander pointed out that the director has the discretion to hire a second opinion.

Councilmember Gustafson inquired who would pay for an appeal if someone other than the applicant has a concern about a permit.

Mr. Olander replied that under the proposed language, the applicant would pay for it.

Councilmember Gustafson felt that it was unfair and unnecessary to burden the applicant in this way.

Mr. Olander said it wouldn't be the neighbor that starts the process; it would be if there is a factual issue brought to the director, and the director makes a determination that peer review is needed.

Councilmember Gustafson said that deleting this sentence makes this section clearer and easier to understand. He said the applicant should not be forced to pay anything if the director decides a second opinion is needed.

Councilmember Ryu said the director seems to have the option to call for a second opinion. She felt the director should retain this authority, since there is no way to “paste a tree together” after it is cut.

Councilmember Gustafson agreed, but felt the applicant should not have to pay the cost.

Councilmember Ryu responded that \$110 - \$220 is not a huge burden, and it shouldn't be a burden on a person who wishes to have a significant tree removed.

Mr. Olander suggested the language be revised so that the City would pay for the second opinion.

Councilmember Way expressed concern that having the City pay for the peer review will set a precedent for other situations where peer review may be requested for a consultant's work. There would be thousands of dollars spent on these. She felt that having a second opinion on the arborist's decision could be warranted at times.

Deputy Mayor Fimia stated that if this is a hazardous tree situation, it will be taken care of. She added that this could potentially be a way for residents to cut trees for views without prior approval. She inquired how much staff time has been spent on tree issues in Innis Arden in the past few months.

Mr. Torpey responded that about 50% of his time has been spent on the Innis Arden tree issue.

Deputy Mayor Fimia said she would be willing to address the issue of who pays for the cost after the program has been implemented about a year. However, she supported the language and the amendment as originally proposed.

Mayor Ransom noted that the director can control the cost, but he felt the City should pay the cost. He disagreed with the striking amendment.

Councilmember Hansen said he supports having the City assume the cost since the Planning Director, a representative of the City, makes the decision.

Councilmember McGlashan agreed based on the fact that the neighbor can't have the power to require a peer review.

Councilmember Way added that she is concerned about this setting a precedent on consultants in the future.

Ian Sievers, City Attorney, responded that he is not sure if it would set a precedent because it is a stand-alone exemption. He added that there is a peer review section that has been adopted by the Council. Typically, the applicant pays for the peer review and it is also common that the applicant pays for the arborist.

RECESS

At 9:06 p.m., Mayor Ransom called for a five-minute recess. At 9:16 p.m., Mayor Ransom reconvened the meeting.

Councilmember Gustafson withdrew his striking amendment. Councilmember Gustafson moved to replace the word “applicant’s” with the word “City’s” in Section A.1.G. Councilmember Hansen seconded the motion.

Deputy Mayor Fimia opposed the motion and predicted there would be an applicant in the near future with 20 or 30 trees for the City to address. She felt there would be some questions about the peer review process and people asking for exceptions with approval from the arborist to cut down the trees. Following that, she said there will be residents who want the City to pay in order to have the cutting investigated. She said there is a history of people in this City pushing to cut “hazardous” trees for views, and she is uncomfortable with this amendment.

Councilmember McGlashan noted that the initial tree review is done by an arborist from the City-approved list. Based on this, he supported the amendment, and the City should pay for the review.

Councilmember Hansen agreed and said if the review is generated by City staff, then the City should pay for it.

Mr. Tovar said the code could be revised to state that “the director may direct that a peer review be performed at the applicant’s cost, provided that the City will pay for the first peer review per parcel in any consecutive twelve month period.” Under this wording, if a homeowner has an issue and requests a number of peer reviews they would be paying for all of them except the first one.

Councilmember Hansen commented that the suggested language from Mr. Tovar is essentially the same as Councilmember Gustafson’s amendment.

Mr. Tovar agreed, but he said it also addresses Deputy Mayor Fimia’s concern about the City having to pay for a multitude of second opinions.

Councilmember McGlashan expressed concern about the City’s liability regarding the cordoning off of hazardous trees with yellow tape.

A vote was taken on the motion to replace “applicant’s” with “City’s” in SMC 20.50.310 Section A.1.G., which failed 3-4, with Councilmembers Gustafson, Hansen, and McGlashan voting in the affirmative.

Councilmember Gustafson moved to add the language “provided that the City will pay for the first peer review, per tree, per parcel in any consecutive 12 month period” after the word “cost” and before the word “and”. Councilmember Hansen seconded the motion.

Councilmember Way asked what would happen if an applicant applied to remove numerous trees.

Councilmember Gustafson suggested to add the language “per tree per parcel” to his suggested language.

Deputy Mayor Fimia didn’t support the proposed amendment. She stated there are multiple parcels that could apply under this proposal.

Mr. Tovar responded that there are not many that have a multitude of trees; some are public and some are private.

Deputy Mayor Fimia said that she was concerned there would be abuse of this in the Innis Arden area. She asked how many parcels were in the reserves.

Mr. Tovar said there are 550 individual home sites in Innis Arden and nine or ten reserves.

Deputy Mayor Fimia said that City staff has spent hundreds of hours trying to accommodate the residents of Innis Arden in an attempt to come to resolution, but to no avail. Further concessions are being requested, and this could apply to multiple parcels with a large potential cost to the City. She said although “it looks good on paper,” there are legal representatives who can find loopholes. Therefore, she did not support this amendment. She said she is willing to consider it again in a year if the existing language is retained.

Councilmember Hansen said he is considering this ordinance as applying to all of Shoreline, not just Innis Arden. He said the Council should be addressing how this ordinance will affect the entire City.

Councilmember Ryu commented that Mr. Torpey has spent 50 percent of his time over the past few months addressing Innis Arden issues. She preferred the original language and was not in favor of the proposed revisions.

Councilmember Gustafson felt that putting the applicant in a position to pay because someone has requested a peer review is wrong. He favored amending the ordinance.

A vote was taken on the motion, which failed 3-4, with Councilmembers Gustafson, Hansen, and McGlashan vote in the affirmative.

A vote was taken on the motion to adopt Ordinance No. 434 as amended, which carried 4-3, with Councilmembers Gustafson, Hansen, and McGlashan dissenting.

- (a) Ordinance No. 431 amending the City's Official Zoning Map Tile Number 451 changing the Zoning from Residential 8 DU-AC (R-8) to Residential 12 DU-AC (R-12) of one parcel located at 18016 Stone Avenue N (Parcel Number 7276100285)

Planning Commission Chair Rocky Piro said the Planning Commission is comfortable with the recommendation from City staff and the applicant. He noted that all concerns were addressed.

Councilmember Way said she must recuse herself from voting on this item because she had a conversation with someone who commented on this proposal. She excused herself from the room.

Councilmember Hansen moved to adopt Ordinance 431, amending the City's Official Zoning Map Tile Number 451 changing the Zoning from Residential 8 DU-AC (R-8) to Residential 12 DU-AC (R-12) of one parcel located at 18016 Stone Avenue N (Parcel Number 7276100285). Councilmember Gustafson seconded the motion.

Mayor Ransom wanted to see the map and zones around the location to determine exactly where it was in the City.

Steve Szafran, Planner displayed a zoning map of the area and highlighted the zone revisions and the surrounding zones.

Mayor Ransom noted that the residents and the neighborhood association in that area intensively fought against having an R-12 zone on the east side of the street.

Councilmember McGlashan said the main concern is that there are poorly-built town homes in the area, and the community doesn't want anything built on the east side that resembles them.

Mr. Piro said the public comments received involved issues relating to the character of the area, including traffic concerns and a loss of vegetation. He said the Commission felt that all of these issues were successfully mitigated, so it recommends approval to the Council.

Deputy Mayor Fimia supported the proposed ordinance and said the applicant is retaining more trees than the code requires. She noted that the location is adjacent to Aurora Avenue and represents a modest increase in density.

A vote was taken on the motion to adopt Ordinance 431, which carried 5-1, with Mayor Ransom dissenting (Councilmember Way was absent).

Councilmember Way returned to the Council chamber.

- (b) Ordinance No. 437 adopting an eight month reduction in the City Gambling Tax on Social Card Rooms to 9% of Gross Receipts; and amending SMC 3.30.020

Mr. Olander explained that the staff recommendation is a gambling tax reduction to 10% for eight to nine months. He said based on the traffic numbers the reduction would only be a 1.5% reduction in the rate based on a reported 15% revenue loss in all of the casinos in the area.

MEETING EXTENSION

At 10:30 p.m., upon motion by Councilmember Ryu, seconded by Deputy Mayor Fimia and carried 7-0, the meeting was extended until 11:00 p.m.

Mayor Ransom called for public comment.

(a) Ralph Keuler, Shoreline, discussed gambling contributions to Councilmembers during last year's election. He noted that gambling interests in Shoreline contributed over \$22,000 for the campaigns of Cindy Ryu, Janet Way, John Chang, and George Mauer. He noted that these gambling establishments were making lavish contributions to candidates a few months after telling the Council how bad they needed tax relief. He concluded that this should be looked at very carefully, and any Councilmembers who accepted large contributions from this industry should probably recuse themselves from this vote.

(b) Mary Abel, manager at Goldie's Casino, thanked Mayor Ransom and the Council for addressing this topic. She noted that she gave the Council a letter from Michael Preston concerning Goldie's Casino. She explained that construction on the Aurora Corridor has had more of an impact on their declining business than perceived. Currently, she noted Goldie's is experiencing a 25% loss of business in the first three weeks in July compared to last year. She pointed out that only five Shoreline businesses pay this tax, which totals \$2,600,000 in revenue. She concluded that a 3% reduction in the current tax and will have a positive impact on her business.

(c) Dom Amore, Shoreline, pointed out that the staff is recommending a 15 percent reduction and the Mayor is recommending a 30 percent reduction. He felt there should be a compromise between the two amounts, and he understands the issues that this

will present in the future. He felt that 15 percent is reasonable, but a 30 percent reduction is too high. He advised that the Council needs to weigh this against the City budget and determine what programs will be cut or affected with this decision.

(d) Dan Mann, Shoreline, said he is a Shoreline business owner in the service industry. He is an active Chamber of Commerce member and said all businesses along the Aurora Corridor construction zone are experiencing reduced revenues of 20 to 40 percent. He noted that most of them aren't affected by a 10 percent gaming tax, and he doesn't understand how the casinos can survive. He asked the Council to weigh the economic consequence of losing between 500 – 1,000 jobs in Shoreline. He added that when the project is done the businesses aren't going to "snap right back to normal" because some people have changed their driving habits. He urged the Council to look at this from a long-term perspective. The casinos are not asking for a gift or subsidy, but for a temporary suspension.

Mayor Ransom moved to adopt Ordinance No. 437, implementing a nine-month reduction in the City gambling tax on social cardrooms to 7 percent of gross receipts; and amend SMC 3.30.020. Councilmember Ryu seconded the motion.

Councilmember Hansen asked if the reduction is for eight or nine months, and if it can be retroactive.

Mayor Ransom clarified that the proposed reduction is for nine months.

Mr. Sievers added that the reduction can be retroactive as long as the tax has not been collected for the retroactive month.

Mayor Ransom pointed out that gambling receipts have been down 30 percent, and although a higher rate was requested by the casinos, the seven percent rate is justified based on their gross receipts. He said seven of the twelve casinos in Everett have closed, and four have closed in the last three months. He also noted that the nearly \$3,000,000 the City receives in gambling taxes is equivalent to 50 percent of property tax receipts, 50 percent of sales tax receipts, 45 percent of the police budget, 90 percent of the Parks department budget, and equal to the revenues of 15 Sears department stores, and the revenue of four Costco stores. He added that the casinos support over 900 living-wage jobs, which equals about 10 percent of the jobs in Shoreline. He stated the casinos bring in over \$100,000,000 in revenue into the City with \$26,000,000 going to casino operations. He added that the City takes 10 percent off of the top before they pay state B&O taxes. The City has been able to save \$25,000,000 in reserves over the past 10 years, part of which is to fund a new City Hall. Thus, the City has benefited, but now the casinos are in trouble and are asking for assistance. He said the nine month reduction would give the casinos three months after the construction is completed to "get back on their feet." The reduction would reduce the tax to seven percent of gross receipts for a nine month period.

Councilmember Way noted the difficulty of quantifying the impact of Aurora Corridor construction. She said last year the perception of the North City Project was that the traffic congestion on 15th Avenue NE reduced the number of customers. She agreed that the loss of revenue affects families and does have a broad impact on the community.

Councilmember McGlashan said he is struggling with this 3 percent tax reduction proposal. He asked if the delinquent first quarter gambling tax payment has been received from the subject casino.

Debbie Tarry, Finance Director, responded that it has been received, however, a penalty still needs to be calculated for that late payment.

Councilmember McGlashan said he has heard several conflicting figures when it comes to the number of employees employed by casinos in Shoreline. He referenced a Recreational Gaming Association report stating there were 829 casino employees in Shoreline. He noted that no other business is taxed like this.

Councilmember Gustafson said this is a difficult decision because there are several other market factors affecting the gaming industry. He highlighted that the Council needs to work with the Governor to ban smoking in all gambling establishments because it would “level the playing field” among private casinos. He said all casinos in local cities are facing reductions in revenues, not just those along the Aurora Corridor or those located in Shoreline. He concluded that he will not support a tax reduction of more than 1.5 percent.

Councilmember Ryu said she is concerned about the long-term health of business in Shoreline. She said the Aurora Corridor Project is within the Council control. The businesses on Aurora Avenue have huge fixed costs. If the tax rate is not reduced substantially, businesses will have to cut jobs first. She concluded it is a reasonable proposal to cut the tax rate by 3 percent on a temporary basis.

Councilmember Hansen said he bought a computer at Costco, and 8.8 percent in taxes and B&O taxes were added to the cost of the computer. Therefore, he disagreed with the idea that no other business pays 10 percent in taxes. He said he is helping a client that hasn't paid his sales taxes to the state, and will likely be put out of business. He concluded that every business in Shoreline has to pay taxes.

Deputy Mayor Fimia said the casinos have major problems and they may have to “close their doors.” The casinos have been paying millions of dollars to the City and are asking for help. She said the City will risk losing millions of dollars in revenue if temporary relief is not provided. She felt there is no clear correlation between traffic and revenue losses. She felt that the \$285,000 difference between 3 percent and 1.5 percent is not significant to a budget of \$158 million. However, she felt that the City needs to reduce its dependency on this tax. Regarding campaign donations and casinos, she said it is not healthy to bring up this issue because all of the Councilmembers accept funds from several different sources. Some are developers, master builders, Innis Arden residents,

and others who have specific agendas for their contributions. She disagreed with the allegations made by the previous speakers.

Regarding campaign donations, Councilmember Way pointed out that Councilmembers are not paid very much, and being a councilmember is a "labor of love." Councilmembers work in the public interest. She expressed support for the employees of the casinos and their customers and concluded that Mayor Ransom's proposal is reasonable.

Mayor Ransom commented that sales taxes can be passed on to the customers, but casinos cannot pass on the gambling tax. The only way to increase the sales tax is to increase sales. He said the only way to recover the amount of funds lost through the gambling tax is to increase property taxes. He said it is important to keep the casinos healthy so the Council doesn't have to raise property taxes. He noted that the \$280,000 in lost revenues can be dealt with by delaying City projects. He hoped that the casinos will be able to recover in nine months.

A vote was taken on the motion to adopt Ordinance No. 437 to implement a nine-month reduction in the City gambling tax on social cardrooms to 7 percent of gross receipts, which carried 5 – 2, with Councilmembers Gustafson and Hansen dissenting.

- (c) Resolution No. 248 adopting a Six-Year (2007 – 2012) Transportation Improvement Program (TIP) and directing the same to be filed with the State Secretary of Transportation and Transportation Improvement Board

Mr. Olander noted that he e-mailed a memorandum from Ms. Tarry to the Council. He stated that the City needs to reduce long-term estimates as they relate to the gambling tax because there is a history of reduced gambling tax revenues. He noted that the Council should be prudent and carefully prioritize the City's future capital improvement projects.

Ms. Tarry recommended a \$1,880,000 reduction in the CIP from 2006 – 2012. She said staff recommended reductions are included in the memorandum. The project reductions, she said, are as follows:

- City gateways by \$150,000
- Traffic/small works by \$28,000
- Neighborhood traffic safety program by \$25,000
- Aurora & 185th traffic enhancements by \$605,000
- Richmond Beach Road Subarea Study by \$50,000
- Interurban Trail Safety and Enhancements by \$150,000
- Engineering & Formulation for Bond Projects by \$153,000
- Ronald Bog Master Plan Improvements by \$72,000
- Twin Ponds Master Plan Improvements by \$30,000
- Saltwater Park Pedestrian Bridge Replacement by \$100,000

Additionally, the revenue recommendations include a transfer of \$250,000 from the General Fund. Real Estate Excise Tax (REET) revenues are estimated to be higher than projections. Ms. Tarry recommended raising the revenue from REET in the Roads Capital Fund by \$275,000 for this period of the CIP.

Mr. Olander noted that these TIP recommendations cross over into the CIP, so they should be considered as one.

Deputy Mayor Fimia moved a change in the agenda to consider item 9(d) first, followed by item 9(c). Councilmember Way seconded the motion, which carried 7 - 0.

- (d) Ordinance No. 436 adopting the Six-Year 2007 – 2012 Capital Improvement Program (CIP)

Councilmember McGlashan moved Ordinance No. 436 with the following exceptions: 1) suspend Gateways for 2007 (\$50,000); 2) suspend the Twin Ponds Park Master Plan in 2008 (\$61,000); and 3) suspend the Sidewalks Program in 2007 (\$735,000). Councilmember Hansen seconded the motion.

Councilmember McGlashan felt the loss of gambling revenues will hurt the City immediately, and that stretching the reductions out for six years is not a good idea. He said the list of staff-recommended reductions reflects several safety-related projects, and he disagreed with taking funds away from those programs.

Ms. Tarry noted that \$50,000 of the Sidewalks Program comes from grant money so those funds would be returned. She also clarified that the total loss during 2006 – 2007 would be just over \$1,000,000.

Deputy Mayor Fimia agreed that the CIP needed some reduction, but she disagreed with the proposed projects. She felt the Sidewalk Program should not be cut at all. She pointed out that master plans could be postponed without any adverse impact.

Deputy Mayor Fimia moved to substitute for the main motion the adoption of Ordinance No. 436, accepting the staff-recommended reductions to the 2007 – 2012 CIP with the following exceptions: 1) restoring the \$28,000 to traffic/small works; 2) restoring \$25,000 to Neighborhood Traffic Safety; and 3) reducing funding for the Saltwater Pedestrian Bridge Replacement project by \$53,000. Councilmember Ryu seconded the motion.

Responding to Deputy Mayor Fimia, staff affirmed that Real Estate Excise Tax (REET) funds will be available, since the City will collect \$500,000 but only spend about \$250,000.

Deputy Mayor Fimia expressed support for making reductions over time rather than all at once.

Responding to Deputy Mayor Fimia, Ms. Tarry recommended that the Saltwater Bridge project could be adjusted to provide funding for other projects in order to balance projected revenues and expenditures.

Councilmember Hansen supported Councilmember McGlashan's motion and did not support the staff recommendation. He said the gambling tax reduction won't be temporary, and estimated that gambling revenue losses will total several million dollars over six years. He said the City will have to account for the loss of funds. He speculated that at the end of nine months, the Council will make the seven percent gambling tax rate permanent.

Mr. Olander suggested that the Council consider the CIP from a long-term perspective. He highlighted that City staff addressed the \$1,800,000 shortfall during the entire six-year term of the CIP.

Ms. Tarry suggested that if there is interest in addressing the shortfall immediately, there would be still be a \$200,000 loss for 2007 – 2008.

Mr. Olander also added that if more funds become available then more projects can be added.

MEETING EXTENSION

At 11:00 p.m., Councilmember Gustafson moved to extend the meeting until 11:15 p.m., Councilmember Ryu seconded the motion, which carried 7 – 0.

Ms. Tarry said under Councilmember McGlashan's proposal, an additional \$1,000,000 would be needed in order to cover the shortfall for 2007-2008.

Councilmember Ryu appreciated the report on such short notice and encouraged Ms. Tarry to still follow the appropriate steps to obtain grant funds for Richmond Beach Saltwater Park.

After further discussion, Councilmember McGlashan agreed it was better to spread the reductions over the entire six-year period.

A vote was taken to substitute for the main motion the adoption of Ordinance No. 436, accepting the staff-recommended reductions to the 2007 – 2012 CIP with the following exceptions: 1) restoring the \$28,000 to traffic/small works; 2) restoring \$25,000 to Neighborhood Traffic Safety; and 3) reducing funding for the Saltwater Pedestrian Bridge Replacement project by \$53,000, which carried 6 – 1, with Councilmember Hansen dissenting.

Deputy Mayor Fimia moved to amend the 2007 – 2012 CIP by adding the following additional projects: dual left turn signals at Aurora Avenue N. & N. 145th Street and left turn signals at Aurora Avenue N. & N. 149th Street (\$500,000); traffic signal at 170th Avenue NE & 15th Avenue N. (\$400,000). Councilmember Ryu seconded the motion.

Mayor Ransom inquired if the CIP needs to specifically identify the funding sources for these additional projects.

Mr. Olander replied that Deputy Mayor Fimia asked to put these items in as a placeholder; thus, no funding needs to be identified. He clarified that these projects will simply be included as future unfunded projects.

Councilmember Gustafson felt the proposed projects should be discussed in the context of the next CIP but not for the current proposal.

Councilmember Ryu supported the motion and believed there should be a dual turn light at Aurora Avenue N. and N. 145th Street. She noted that Seattle is working on its portion of Aurora Avenue N. and now is the time to get it on the schedule so staff can start seeking grant funding. She said vehicles presently have to wait for two signal changes to turn left. Additionally, residents have been asking for a signal at 170th Avenue N and 15th Avenue NE for a long time.

Mr. Olander noted that despite the public comments about a signal light, that location does not yet meet federal and state warrants for a traffic signal. Normally, it is not responsible to put projects in the CIP that have no identified funding. However, the one advantage to including it in the TIP is that makes the City eligible for grant funding.

Deputy Mayor Fimia noted that these projects have been discussed in the past and therefore should be part of the CIP.

MEETING EXTENSION

At 11:15 p.m., Councilmember Ryu moved to extend the meeting until 11:30 p.m. Councilmember Way seconded the motion, which carried 6 – 1, with Councilmember Hansen dissenting.

Councilmember Hansen asked if there was any documentation from the City of Seattle regarding the placement of a dual turn lane at N. 145th Street.

Mr. Olander clarified that there is no documentation, but there have been discussions with the City of Seattle on this proposal.

A vote was taken on the amendment, which carried 5 – 2, with Councilmembers Gustafson and Hansen dissenting.

Councilmember Way requested a revision to the description of “Green Streets Implementation Development” page 220 of the proposed 2007-2012 CIP. She explained that “Green Streets” can be interpreted in many ways, so she felt the description should be more specific.

Mr. Olander noted that the description of “Green Streets” is even broader in the Comprehensive Plan.

After further discussion, **there was Council consensus to direct staff to come back with a definition of “Green Streets.”**

A vote was taken on the motion to adopt Ordinance No. 436, adopting the Six-Year 2007-2012 CIP as amended, which carried 6-0-1. Councilmember Hansen remained silent.

- (c) Resolution No. 248 adopting a Six-Year (2007-2012) Transportation Improvement Program (TIP) and directing the same to be filed with the State Secretary of Transportation and Transportation Improvement Board

Councilmember Ryu moved to adopt Resolution No. 248 adopting a Six-Year (2007 – 2012) Transportation Improvement Program (TIP) and directing the same to be filed with the State Secretary of Transportation and Transportation Improvement Board. Deputy Mayor Fimia seconded the motion, which carried 6 – 1, with Councilmember Gustafson dissenting.

10. ADJOURNMENT

At 11:26 p.m., Mayor Ransom declared the meeting adjourned.

Scott Passey, City Clerk

This page intentionally left blank.