

# EDMONDS CITY COUNCIL APPROVED MINUTES

## October 7, 2008

The Edmonds City Council meeting was called to order at 7:00 p.m. by Mayor Haakenson in the Council Chambers, 250 5<sup>th</sup> Avenue North, Edmonds. The meeting was opened with the flag salute.

### ELECTED OFFICIALS PRESENT

Gary Haakenson, Mayor  
Michael Plunkett, Council President  
Peggy Pritchard Olson, Councilmember  
Steve Bernheim, Councilmember  
D. J. Wilson, Councilmember (arrived 7:02 p.m.)  
Deanna Dawson, Councilmember  
Dave Orvis, Councilmember  
Ron Wambolt, Councilmember

### ALSO PRESENT

Leif Warren, Student Representative

### STAFF PRESENT

Tom Tomberg, Fire Chief  
Mark Correia, Assistant Fire Chief  
Al Compaan, Police Chief  
Gerry Gannon, Assistant Police Chief  
Duane Bowman, Development Services Director  
Stephen Clifton, Community Services Director  
Brian McIntosh, Parks & Recreation Director  
Noel Miller, Public Works Director  
Kathleen Junglov, Finance Director  
Debi Humann, Human Resources Director  
Douglas Fair, Municipal Court Judge  
Joan Ferebee, Court Administrator  
Rob Chave, Planning Manager  
Carl Nelson, Chief Information Officer  
Ann Bullis, Building Official  
Mike Thies, Code Enforcement Officer  
Rob English, City Engineer  
Debra Sharp, Accountant  
Scott Snyder, City Attorney  
Sandy Chase, City Clerk  
Megan Cruz, Video Recorder  
Jana Spellman, Senior Executive Council Asst.  
Jeannie Dines, Recorder

Approval of  
Agenda

### 1. APPROVAL OF AGENDA

**COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER OLSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED. (The vote was 6-0; Councilmember Wilson was not present for the vote.)**

### 2. CONSENT AGENDA ITEMS

**COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCILMEMBER OLSON, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED. (The vote was 6-0; Councilmember Wilson was not present for the vote.) The agenda items approved are as follows:**

Roll Call

#### A. ROLL CALL

Approve  
09-30-08  
Minutes

#### B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF SEPTEMBER 30, 2008.

Approve  
Claim  
Checks

C. APPROVAL OF CLAIM CHECKS #107059, 107060 AND 107172 THROUGH #107346 FOR OCTOBER 2, 2008 IN THE AMOUNT OF \$727,950.88. APPROVAL OF PAYROLL DIRECT DEPOSIT AND CHECKS #47312 THROUGH #47359 FOR THE PERIOD OF SEPTEMBER 16, 2008 THROUGH SEPTEMBER 30, 2008 IN THE AMOUNT OF \$863,442.69.

Claim for  
Damages

D. ACKNOWLEDGE RECEIPT OF CLAIM FOR DAMAGES FROM SYDNEY ALLRUD (\$750,000.00).

Liquor  
Control  
Board

E. APPROVAL OF LIST OF BUSINESSES APPLYING FOR RENEWAL OF THEIR LIQUOR LICENSES WITH THE WASHINGTON STATE LIQUOR CONTROL BOARD, SEPTEMBER 2008.

Building  
Use  
Agreement

F. AUTHORIZATION FOR THE MAYOR TO SIGN SUPPLEMENT NO. 1 TO THE BUILDING USE AGREEMENT WITH THE GREATER EDMONDS CHAMBER OF COMMERCE.

Water  
Comprehen-  
sive Plan

G. AUTHORIZATION TO ADVERTISE A REQUEST FOR QUALIFICATIONS (RFQ) TO UPDATE THE WATER COMPREHENSIVE PLAN.

Infiltration  
and Inflow  
Sewer Study

H. AUTHORIZATION TO ADVERTISE A REQUEST FOR QUALIFICATIONS TO PREPARE AN INFILTRATION AND INFLOW STUDY ON THE SEWER SYSTEM.

Old  
Milltown  
Courtyard

I. APPROVAL OF PAYMENT IN THE AMOUNT OF \$11,923.03 TO LANDAU ASSOCIATES FOR ENVIRONMENTAL ASSESSMENT OF THE OLD MILLTOWN COURTYARD SITE FROM THE COUNCIL CONTINGENCY FUND.

Comcast  
Cable  
Franchise

J. PROPOSED INTERLOCAL AGREEMENT - CONSORTIUM FOR NEGOTIATION OF COMCAST CABLE TELEVISION FRANCHISING, AND AGREEMENT WITH RIVER OAKS COMMUNICATIONS CORPORATION.

Domestic  
Violence  
Awareness

3. **PROCLAMATION IN HONOR OF DOMESTIC VIOLENCE AWARENESS MONTH, OCTOBER 2008.**

Councilmember Dawson read a proclamation declaring October as Domestic Violence Awareness month and encouraging all residents to take a stand against domestic violence in their personal relationships and in the community. The proclamation urged all residents to work toward eliminating domestic violence in the community. She recognized the City's Domestic Violence Advocate Kari Hvorka, Police Chief Al Compaan, and Mountlake Terrace's Domestic Violence Advocate Danielle Simpson. She also recognized Assistant Chief Gerry Gannon for his advocacy on issues of domestic violence in the community.

Ms. Hvorka expressed her appreciation for the City's efforts to ensure domestic violence victims and their children were safe and recognized the excellent job done by the Police Department to keep victims safe and to ensure children were raised in homes free of violence. Mayor Haakenson expressed his appreciation for the work done by Ms. Hvorka.

Nuisance  
Regulations  
Amend-  
ments

4. **PUBLIC HEARING ON EDMONDS CITY CODE CHAPTER 6, NUISANCE REGULATIONS AMENDMENTS.**

Development Services Director Duane Bowman explained this matter was originally discussed by the Council at a work session in February and two public hearings were held on June 3 and July 15. The Council then referred the matter to the Community Services/Development Services (CS/DS) Committee who considered it at their August 12 and September 9 meetings.

He reviewed the rationale for the proposed revisions:

- Consolidate nuisance regulations into one location, the Edmonds Municipal Code (EMC).

- Clean up antiquated code language in the EMC.
- Nuisance regulations are part of the City's broad police powers and should be in the EMC and not within the Edmonds Community Development Code (ECDC).
- The proposed regulations cover the types of complaints frequently received by the City's Code Enforcement Officer.

He clarified the proposed amendments did not regulate RVs, boats, cars or trailers except if they were junk. The CS/DS Committee's recommendation was to concur with the City Attorney revisions in the memo dated August 1, 2008 with the following exceptions:

- Retain the three year old vehicle criteria for junk cars - this has not been an issue for staff and an amendment could be proposed to Council if it became a problem in the future.
- Eliminate the addition of mediation - the CS/DS Committee recognized the value of mediation but did not want to include it as a requirement in the nuisance regulations.
- Add a requirement to send notice before fines are issued for frivolous complaints.
- Add a reference to side yards in Chapter 6.20.41.G.2.

Staff recommends the Council direct the City Attorney to prepare the necessary ordinance for adoption on the City Council consent agenda.

Council President Plunkett relayed a resident's question whether or not the proposed amendment would impact a property owner storing a boat next to their house. Mr. Bowman responded this ordinance did not regulate boats or RVs. Council President Plunkett asked if the ordinance addressed awnings over boats or RVs. Mr. Bowman answered it did not; the Planning Board will be discussing that topic at their October 8 meeting.

Council President Plunkett observed the ordinance eliminated a property owner's ability to cover junk in their backyard. Mr. Bowman agreed the ordinance did address covered junk or debris in a person's backyard. Council President Plunkett noted the ordinance did not allow a property owner to cover a nuisance because a nuisance may be more than sight. City Attorney Scott Snyder advised the ordinance distinguishes between two categories of nuisance: if a visual/aesthetic nuisance was in the backyard and screened by a fence, it did not need to be covered. However, chemical nuisances, rodent harbors, an attractive nuisance for children, etc. were not eliminated by covering it.

Council President Plunkett asked if a motorcycle stored in a side yard was addressed by the ordinance. Mr. Bowman answered it was not.

Council President Plunkett observed the decision regarding a nuisance was made by the Hearing Examiner and asked if that decision was appealable to the City Council. Mr. Bowman answered it was not; the Hearing Examiner would make a factual finding whether the property owner was in compliance or not. In an enforcement action, the burden of proof was on the City to prove the violation exists. Council President Plunkett asked whether the Hearing Examiner's decision was appealable to court. Mr. Snyder answered it was.

Mayor Haakenson opened the public participation portion of the public hearing.

**Roger Hertrich, Edmonds**, referred to the definition of vehicle on page 3 of the ordinance: recreational vehicle, truck, trailers, van, motorcycle, watercraft, farm equipment, construction equipment and antique vehicles (i.e., cars, trucks, vans, motorcycles, carriages, or motorized buggies), noting there is also reference to "vehicle" in the definition of junk vehicle. He disagreed with Mr. Bowman that recreational vehicles, boats, etc. were not regulated by this ordinance. He recommended the definition of vehicle be moved to the beginning of the definitions so that persons reading the ordinance knew what items were regulated. Next, he referred to Section 6.20.040, aesthetic nuisances, noting A, B, C and D were in one

category and E was in a separate category because the exceptions in paragraph G omitted E which prohibited screening of the items listed in E. He suggested items used for painting such as ladders, wheelbarrows, etc. could be easily screened in a backyard. He referred to page 4, attractive nuisances, noting the proposed ordinance expanded the State law regarding refrigerators and freezers. He asserted Section 6.20.045, protective covers, was a new section and intended to eliminate the use of blue tarps. He summarized his concerns were the inability to appeal the Hearing Examiner's decision and the protection of property rights.

Hearing no further public comment, Mayor Haakenson closed the public hearing.

Mr. Snyder assured the section regarding protective coverings had been in every draft of the ordinance. With regard to paragraph E in Section 6.20.040, he noted those items could be stored as long as the property owner had a building permit plus 10 days before the permit. That provision was only applicable if a property owner was storing building and/or landscaping materials that were not being used. It was up to the Council if they wanted to move the definition of junk vehicle to the beginning of the definitions rather than having them in alphabetical order.

Councilmember Bernheim asked whether the finding regarding a nuisance was subject to appeal to the City Council. Mr. Snyder advised it was subject to appeal to Superior Court; the City's final decision was made at the Hearing Examiner. He noted this was the civil equivalent of a traffic ticket.

Council President Plunkett pointed out motorcycles were in the definition of vehicle. Mr. Snyder advised the only time the vehicle provision was applicable was in the junk vehicle section and the definition was as used in the State statute that established junk vehicle provisions.

Councilmember Wambolt disagreed with retaining the three year age as a criteria for determining a vehicle was junk, commenting the other four criteria, extensively damaged, inoperable, without valid registration plates and market value equal only to the approximate value of the scrap were sufficient to determine whether a vehicle was junk. He feared citizens would use the age of a vehicle to declare a neighbor's vehicle junk.

**COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER OLSON, TO DIRECT THE CITY ATTORNEY TO PREPARE THE NECESSARY ORDINANCE FOR ADOPTION ON THE CITY COUNCIL CONSENT AGENDA.**

**COUNCILMEMBER WAMBOLT MOVED, SECONDED BY COUNCIL PRESIDENT PLUNKETT, TO AMEND THE MOTION TO REMOVE THE 3 YEAR AGE CRITERIA FOR DECLARING A VEHICLE JUNK.**

Councilmember Dawson agreed with Councilmember Wambolt's motion to remove the age criteria, finding it irrelevant.

Councilmember Wilson stated at the CS/DS Committee meeting, staff explained the current criteria worked and there had not been any problems with the language.

**UPON ROLL CALL VOTE, THE AMENDMENT CARRIED (4-3); COUNCIL PRESIDENT PLUNKETT AND COUNCILMEMBERS DAWSON, ORVIS, AND WAMBOLT IN FAVOR; AND COUNCILMEMBERS OLSON, WILSON AND BERNHEIM OPPOSED.**

Mayor Haakenson commented if there were issues with declaring a vehicle junk without that criteria, staff could make a request to Council to reinstate it. Mr. Snyder explained declaring a vehicle junk required that the vehicle meet any two of the criteria. He asked whether the Council wanted to require that a vehicle meet only one of the remaining criteria. He noted without the criteria regarding three years of age or older, declaring a vehicle junk may be difficult to prove.

Councilmember Dawson preferred the vehicle meet two of the criteria in order to be declared a junk vehicle. She noted the fact that a vehicle met two of the other criteria was significant enough without the criteria regarding the vehicle's age. If staff could not prove any two of the remaining criteria, the vehicle was likely not a junk vehicle. Code Enforcement Officer Mike Thies explained criteria 3 (Is apparently inoperable) and 4 (Is without valid current registration plates) were the criteria most often used to declare a vehicle junk. Without the criteria regarding the age of the vehicle, a property owner could keep a junk vehicle in their yard for the cost of registration plates.

With regard to mediation, Councilmember Dawson pointed out staff could still encourage mediation but it was not necessary to include that in the code. She found mediation an appropriate solution to many neighborhood disputes.

Councilmember Bernheim expressed his general opposition to the extension of government regulation to what people were doing on their private property, commenting as belt-tightening was required, what people did on their property may need to be expanded rather than further restricted. He commented property owners were entitled to the benefit of the doubt with regard to what they were doing on their property versus a neighbor being offended by the view of their property. To the extent a use caused a diminution of property values, a neighbor would have a private right of action in court. He commented on the neighborhood blight occurring in Atlanta due to the high foreclosure rate. Unless the problem reached the point of impacting public safety, he was opposed to regulations related to aesthetics. He expressed concern with the effort that had been expended on this issue including a great deal of staff time. He preferred consolidating the existing nuisance regulations in the code and eliminating antiquated language rather than rewriting the code to expand the restrictions. He summarized he would oppose the motion, finding it unnecessary and that Section 20.110.030 adequately defined nuisances.

**THE VOTE ON THE MAIN MOTION AS AMENDED CARRIED (6-1); COUNCILMEMBER BERNHEIM OPPOSED.**

**5. AUDIENCE COMMENTS**

2009-2010  
Budget

**Don Hall, Edmonds**, recalled last week Mayor Haakenson outlined the budget dilemma. With regard to raising the business license fee, he relayed that his wife, the owner of a small retail store, did not object to the increase as it had been at least 13 years since the business license fee had been increased. He relayed his wife's request that all people doing business in Edmonds be required to obtain a business license including those participating in fairs and markets as well as ensure they were paying sales tax to the City. With regard to raising cable TV taxes, he noted increasing taxes on cable TV, water, sewer, etc. disproportionately affected lower and medium income residents. He agreed with the proposal to institute EMS transport fees, questioning why that had not been done previously particularly since insurance pays for this service. He agreed with the concept of a Fire Authority as long as all citizens were aware it would increase taxes. He wanted to ensure a Fire Authority saved money and provided better service and the same response times. For the Councilmembers opposed to gambling, he urged them to identify a creative way to raise \$500,000 without raising his taxes.

Senior  
Center Lease

**6. DISCUSSION AND POTENTIAL ACTION REGARDING THE SOUTH COUNTY SENIOR CENTER LEASE AND RECREATION SERVICES AGREEMENT.**

Council President Plunkett referred to Exhibits 3 (South County Senior Center Activity Report Overview), 4 (2009 Lease) and 5 (2009 Recreational Services Agreement). He reported he invited Ms. Cantwell to tonight's meeting to respond to Council questions, noting the Senior Center Board plans to discuss this at their October 15 meeting. He suggested the Council take action tonight to allow the Senior Center Board to review the lease and for the lease to be renewed by November 1.

City Attorney Scott Snyder referred to Council President Plunkett's reference to November 1 to provide notice to the Senior Center, explaining the date by which the lease needed to be renewed was January 1, 2009. A key issue for the Council to resolve was whether to describe the service provided by the Senior Center in a general way or a specific way. The report provided as Exhibit 3 did not contain a list of specific activities although it referenced United Way documents that likely provided further detail. The existing lease and the draft have a generalized list modeled after the City's grant obligations. He recalled that during past discussions Councilmember Dawson suggested identifying specific programs to ensure the City was getting its money's worth under the funding agreement and that those services were being provided via the lease agreement.

Councilmember Dawson explained a question arose during the past year regarding how to ensure the Senior Center was providing high quality services. She was confident assurance could be provided but did not want it to be an onerous process for the Senior Center. She preferred reporting that would assure the Council that the Senior Center organization was providing the services expected in exchange for the funding the City provided and if they were not, to have a method whereby the lease could be terminated.

Councilmember Wilson recognized the political reality that a Councilmember could not impact the Senior Center and be reelected in this City as well as the reality that the City was in significant financial straits. He recalled in a previous Council meeting he estimated the City lost approximately \$100,000 in rent on this facility; the materials provided by the Senior Center valued the free rent at \$250,000. He noted the City provided \$60,000 for programs at the Senior Center, an amount well spent. He acknowledged there was not a political will on the Council to change the amount charged the Senior Center for rent but \$250,000 plus the \$60,000 was a large subsidy that required the new leadership at the Senior Center to continue and broaden programs at the Senior Center. He supported broadening programs to the point it was not just a Senior Center but also a community center where families felt welcome.

Councilmember Bernheim expressed support for attaching a list of senior center projects and programs to the Recreational Services Agreement as referenced in the lease. He envisioned a list could be created that was general enough to accomplish the desired outcome. He noted in all the criticism of the Senior Center, the problem was not that the lease and/or Recreational Service Agreement did not contain sufficient controls; the problem was the controls were not enforced. He inquired with the State Auditor why the City's audit did not reveal that the rent had not been paid or reports provided and was assured it would be reviewed during the next audit.

Council President Plunkett expressed support for Exhibits 3, 4 and 5 as presented.

**COUNCILMEMBER OLSON MOVED, SECONDED BY COUNCILMEMBER BERNHEIM, TO MOVE FORWARD WITH EXHIBITS 3, 4 AND 5, SOUTH COUNTY SENIOR CENTER ACTIVITY REPORT OVERVIEW, 2009 LEASE AGREEMENT AND 2009 RECREATIONAL SERVICES AGREEMENT.**

Councilmember Bernheim recognized the Senior Center may have some revisions and suggested revisions be returned to the Council for review.

Mr. Snyder referred to the reference in the second paragraph in Exhibit 3 to the Logic Model for the South County Senior Center attachment, assuming that contained more detail than was contained in Exhibit 3. He suggested that be included in Exhibit 3. Senior Center Executive Director Hallie Olson agreed to provide the Council a copy of the Logic Model.

Councilmember Dawson commented she had seen that document and felt it provided the appropriate level of detail and required the same reporting. She agreed the Senior Center should be allowed to suggest revisions before final adoption by the Council at a later date.

**MOTION CARRIED UNANIMOUSLY.**

**7. WORKSHOP ON THE 2009-2010 PRELIMINARY BUDGET**

Council President Plunkett referred to page 195 of the budget as an example of a comparison of revenues and expenditures and questioned why on page 33 only expenditures were identified for that cost center. Finance Director Kathleen Junglov commented the bulk of the budget was General Fund and was presented by cost center in order to provide that level of detail by department. Council President Plunkett asked why each cost center did not have revenue and expenditures on the same page. Ms. Junglov explained General Fund revenues were not dedicated to a specific cost center.

Council President Plunkett recalled Mayor Haakenson stated in his budget message that retirements in 2009 would present additional opportunities for not filling positions. He asked Ms. Junglov what positions may not be filled. Mayor Haakenson offered to provide a list of employees who were retiring in 2009.

Council President Plunkett recalled Mayor Haakenson's budget message indicated the Regional Fire Authority (RFA) would free up several million dollars. Since the Fire Department costs \$8 million, he asked whether establishing an RFA would free up \$8 million. Ms. Junglov explained the formation of a RFA would preclude the City from assessing the EMS levy and collection of funds for contracts with Woodway and Esperance, therefore, the net savings would be approximately \$4 million.

Council President Plunkett referred to page 8, noting the ending cash balance fluctuated from \$1 million in 2009, down to \$637,000 in 2010 and increased again in 2011 and 2012. He asked if staff was comfortable with this much flexibility in the ending cash balance. Ms. Junglov answered she was not; the Government Finance Officers Association (GFOA) recommends one month ending cash which was approximately 8-10% of General Fund expenditures. She found \$637,000 very low but that was the amount of the ending cash balance with the available revenue sources. Council President Plunkett commented it could be inferred there was a fair amount of flexibility if the ending cash balance could get that low.

Council President Plunkett referred to page 17, recalling the Council reduced Council benefits, yet the reduction was not reflected in 2009. Ms. Junglov answered the reduction in benefits applied to Councilmembers taking office after 2010.

Council President Plunkett expressed his thanks for staff establishing a separate cost center in the budget for fiber optics. He noted fiber optics was a mixture of government use, expansion to business and possibly expansion to residents in the future. He noted through 2008 a fair amount (\$242,000) had been expended and asked whether the projected expenditure of \$200,000 in 2009 was for government entities or expansion to the business community. He also asked whether that expenditure implemented the recent proposal the CTAC made to the Council. Rick Jenness, Community Technology Advisory Committee (CTAC), answered the major expenditures were one time equipment purchases for routing and switching. The communications cost was the gross cost of purchasing internet bandwidth out of the Westin Hotel and that amount will decrease over time.

Council President Plunkett asked whether these expenditures covered the most basic work, outreach to government entities or did they cover outreach to businesses and the more expansive program the CTAC presented to the Council. Mr. Jenness answered the expenditures were the continuation of outreach to government. Council President Plunkett asked if any of the proposed expenditures were for the expansion to businesses. Mr. Jenness answered the only expenditures in this budget related to that proposal were anticipated legal fees.

Council President Plunkett asked when revenue would be generated. Chief Information Officer Carl Nelson advised the revenues were shown in miscellaneous revenues. Council President Plunkett requested staff provide details regarding the revenue stream.

Council President Plunkett commented it was his understanding records management was becoming an increasing expense in the Police Department, yet page 78 indicates there were no significant budget changes. Police Chief Al Compaan responded the 2008 year end estimate for salaries versus 2009 includes one position that was unfilled for the majority of 2008 that has been filled recently. The 2008 salary under run is due to a vacant Police Services Assistant position. He noted the Public Records Act requests have significantly impacted their budget.

For Councilmember Orvis, Ms. Junglov identified revenue from increases in Cable TV taxes, Development Services fees and Business License fees in 2009 and 2010. Mayor Haakenson pointed out the increase in Development Services fees which are included with building permits reflected the downturn in the housing industry. Ms. Junglov identified EMS transport fees and the Transportation Benefit District in the Charges for Services line. She noted most new revenue would begin January 1; revenue from the TBD would begin July 1.

Council President Plunkett referred to page 101, Police Reserves, pointing out the amount budgeted and the year end estimate varied widely. Assistant Police Chief Gerry Gannon answered the difference was due to one vacant Reserve Officer position.

Council President Plunkett referred to page 104 and the transfer of charges from Southwest Snohomish County Communications Agency and Snohomish Emergency Radio to the non-departmental budget. Ms. Junglov explained the non-departmental budget was in Finance and included expenditures that could not be allocated to just one cost center. These were detailed on page 59 and included election costs, voter registration, insurance, SnoCom, audit fees, etc. Fire Chief Tom Tomberg advised the Emergency Services Coordinating Agency (ESCA) that coordinates before/during/after disaster response serves all City departments and because it was difficult to break that out by department, it was included in non-departmental. SnoCom, the 911 dispatch agency, serves a similar role; Police, Fire and Public Works are the primary consumers of that service and it seemed appropriate to include it in non-departmental.

Council President Plunkett referred to page 188, Public Works, that indicated there were no budget changes and page 190 that indicated there were no significant budget changes, yet those costs centers had the largest change of any cost center, 6% and 6.1%. Public Works Director Noel Miller answered there were no changes, he would need to discuss the reason for the increase with Ms. Junglov. Ms. Junglov advised the largest contributing factor was there were only 2.5-3 FTE in this cost center and the employees were now eligible for step increases and the benefit costs depend on whether the person was single or married with children.

Council President Plunkett referred to page 195, pointing out the ending cash varied dramatically, from \$178,000 to \$5,000 and asked what amount would be normal. Mr. Miller answered the Street Fund varied from year to year based on the weather, the amount of good weather to do road projects and the amount of snow removal.

Council President Plunkett pointed out the 148% difference in interfund transfer on page 203. Ms. Junglov answered she would need to verify this but believed it was a transfer to Fund 412.

Council President Plunkett referred to the 119% increase in the travel budget on page 205. Mr. Miller stated this represented a national conference that Treatment Plant Manager Steve Koho was interested in attending. He noted there were no General Funds associated with the Wastewater Treatment Plant fund.

Council President Plunkett noted the capital budget did not include the street lights on 5<sup>th</sup> and Main east of Main up to the library. Mr. Miller stated the capital budget was only for two years and several projects were extended out due to the lack of transportation funds. Council President Plunkett asked whether funds from the TBD could be used for those street lights. Mr. Miller answered the decline in REET has significantly reduced the amount available to be transferred to Fund 112 Transportation. Council President Plunkett asked whether REET was used to fund infrastructure such as street lights. Mr. Miller answered these were an extension of the decorative lights in the downtown area that were funded in the late 1980s and early 1990s. Mayor Haakenson recalled they were funded via a Downtown Business Improvement District. Council President Plunkett asked whether the funding source when the lights were discussed two years ago was REET. Mr. Miller answered yes.

Councilmember Wambolt commented he had asked staff a number of questions via email over the past several weeks.

Councilmember Wilson expressed his thanks to staff for their thorough responses to his emails regarding the budget. He anticipated funding for the downtown streetlights could be provided if the license fee in the TBD was more than \$20. He inquired about funding for a joint City/Chamber of Commerce marketing effort. Community Services Director/Economic Development Director Stephen Clifton answered the City had been working with the Chamber and has purchased joint advertisements in the Puget Sound Business Journal and Alaska Airlines magazine recruiting specialty businesses and related to tourism. He explained the intent was to leverage the City's funds against other entities such as the Chamber. He requested an additional \$7,300 in the budget to do more joint advertising and to leverage funds provided by the Chamber.

Councilmember Wilson commented he was typically an advocate of advertising the City, noting it was easy to spend money without a plan for measuring success. He relayed his discussion with Chamber members regarding establishing a Business Development District in the downtown core that would force anyone who benefited from advertising dollars to support the expenditure on advertising. He asked whether there had been any discussion by staff regarding a local improvement district or economic development zone downtown, suggesting advertising funds may be better spent developing that. Mr. Clifton answered he has met with Chamber representatives and attends the Downtown Edmonds Merchants Association (DEMA) meetings; their primary focus has been marketing the downtown from a retail aspect and have not pursued the formation of a local improvement district. Executive Director Jan Vance and he have discussed a variety of ways of improving the business climate downtown including providing educational opportunities for businesses.

Councilmember Dawson requested staff forward their responses to any Council questions to all Councilmembers.

Councilmember Wambolt referred to Mr. Hall's observation that there may be businesses that were not paying sales tax and asked how the City knew everyone with a business license was paying the appropriate sales taxes. Ms. Junglov answered the City contracts with Microflex who conduct business license/sales tax checks to ensure businesses were paying sales tax. Mayor Haakenson commented Mr. Hall's question was related to vendors at the Summer Market and requested staff also address the summer arts festival, etc. With regard to a business license, City Clerk Sandy Chase explained the vendors were under the umbrella of the Summer Market who pays the City a set amount each week for each vendor. She advised vendors at the arts festival were not required to obtain a business license; they were under the umbrella of that event. She advised Microflex also sends business applications to businesses collecting sales tax in Edmonds but do not have a business license. Councilmember Wambolt asked whether a

business could be established without obtaining a business license and not pay sales tax. Ms. Chase advised it is possible the City may only be aware if someone complained.

Councilmember Bernheim commented a recent newspaper headline in Chicago stated they may force non-union workers making \$75,000 or more to take up to three unpaid days per year due to budget shortfalls as a result of lower real estate values, decreased construction permit activity, and lower REET collections. Non-union workers making less than \$75,000 would take two unpaid days per year. He noted this was an example of the range of options available.

In response to Mr. Hertrich's comment that increases in utility taxes impacted low income families, Councilmember Wambolt explained he analyzed how best to generate increased revenue, via increased utility and cable TV tax or property taxes. The proposed budget indicated the average person would pay an additional \$60 per year on their cable. He clarified this was for residents with a cable packet costing \$100/month; for the average person whose bill was \$56/month, the additional cost was \$33.70 per year. The increase in utility and cable TV tax was \$26.40/year or approximately \$60 more per year to generate \$865,000. To generate that amount in property tax would require a \$0.115 increase in the property tax. When applied to the price of an average home in Edmonds, \$461,500, the cost would be \$52.60. He concluded there was little difference in the cost to residents of increasing utility and cable TV tax or property taxes.

Mayor Haakenson advised staff would email a response to the questions raised tonight to all Councilmembers. He encouraged Councilmembers to email staff with any additional questions prior to the October 21 meeting and asked whether the Council wanted any other information provided at the October 21 meeting.

Councilmember Dawson stated one of the unknowns was the Regional Fire Authority concept. Given that it was not a certainty that the Council would approve forming such an agency and if they did, that the citizens would approve it, the Council needed more detail on the impacts on departments of not forming a RFA. She questioned whether the Council should proceed as if formation of the RFA would not occur and take early steps so that deeper cuts were not required in the future if a RFA were not formed. She suggested staff relay recommendations for the 2009 budget were the Council not to pursue the formation of a RFA. Mayor Haakenson answered if the RFA is not approved by either the Council or the voters, a \$4 million cut would be required. Staff did not know where to make that cut and were looking to the Council for direction regarding their priorities and where \$4 million could be cut from the budget.

Councilmember Dawson pointed out the difficulty for the Council was they did not have staff to do the analysis or identify the impact of a \$4 million cut and needed the assistance of the directors to identify the impacts on departments and services and where General Fund cuts could be made. She appreciated that it would result in reductions in service levels but needed input from staff to make that analysis.

Councilmember Wambolt pointed out formation of a RFA would not take effect until 2011. Mayor Haakenson agreed, noting Councilmember Dawson's point was if the RFA was not approved, cuts needed to be made in the 2009 budget. He emphasized \$4 million in budget cuts would not be just an employee here or an employee there; it would be an entire department such as the Parks Department. He stressed staff had no idea what the Council valued most beyond police and fire services. Councilmember Dawson commented it would be helpful for each department to identify what would be cut and the impacts on service delivery of a 10% across-the-board reduction. She noted it was necessary for staff to identify possible General Fund cuts because in some departments eliminating the entire department would not save any General Fund dollars because they were funded via other sources. She summarized the Council needed to hear from the directors regarding the impacts that cuts would have on their departments.

Councilmember Wilson agreed with Councilmember Dawson's suggestion. He pointed out the importance of highlighting for the public the impact of \$4 million in cuts. He also supported consideration of other revenue options including a significant levy or property tax increase. He did not feel comfortable urging citizens to raise their taxes, to allow gambling or to continue the \$250,000 subsidy to the Senior Center without that additional information. He agreed with Councilmember Dawson's suggestion that cuts be considered in 2009 rather than waiting until 2010.

Councilmember Orvis commented on the City's day-to-day liquidity and ability to do an interfund loan.

Councilmember Wilson inquired about the City's \$1.7 - \$1.9 million emergency fund. He asked about the appropriate amount for an emergency fund and why those funds were not used to cover revenue shortfalls. Mayor Haakenson answered the purpose of the Rainy Day Fund was to ensure funds were available in the event of a catastrophic event such as an earthquake, terrorist attack, etc., and he did not see this budget crisis as a use for this fund. He would only support using the funds in a manner whereby it could be paid back immediately.

Councilmember Wilson asked whether the City could do an interfund loan in the event of a cataclysmic event. Mayor Haakenson agreed that would be possible but the question then was how to pay it back. He summarized this was a policy decision; the Council was charged with spending the taxpayers money as they best saw fit. If the Council wanted to spend money in the Rainy Day Fund on a budget crisis, the Council was free to do so.

**8. MAYOR'S COMMENTS**

Senior Center  
Mayor Haakenson announced a presentation would be made at the October 21 meeting regarding the possibility of a new senior center.

**9. COUNCIL COMMENTS**

Budget Public Hearing  
Council President Plunkett advised the October 21 meeting would also include a public hearing on the budget.

Health District  
Councilmember Orvis reported as a result of attrition, belt tightening and increased fees, the Snohomish Health District's deficit had been reduced to \$2.3 million. He noted cities have the ability to do interfund loans while awaiting the receipt of revenue; the Health District did not have that ability. Therefore, they are seeking an agency to be their "bank" and in that way could maintain services for a year and minimize cuts.

**10. ADJOURN**

With no further business, the Council meeting was adjourned at 8:50 p.m.