

# EDMONDS CITY COUNCIL APPROVED MINUTES

## March 6, 2012

The Edmonds City Council meeting was called to order at 6:30 p.m. by Mayor Earling in the Council Chambers, 250 5<sup>th</sup> Avenue North, Edmonds.

### ELECTED OFFICIALS PRESENT

Dave Earling, Mayor  
Strom Peterson, Council President  
Frank Yamamoto, Councilmember  
Joan Bloom, Councilmember  
Michael Plunkett, Councilmember  
Lora Petso, Councilmember  
Adrienne Fraley-Monillas, Councilmember  
Diane Buckshnis, Councilmember

### ALSO PRESENT

Alex Springer, Student Representative

### STAFF PRESENT

Stephen Clifton, Community Services/Economic  
Development Director  
Shawn Hunstock, Finance Director  
Carrie Hite, Parks & Recreation Director  
Rob Chave, Planning Manager  
Carl Nelson, CIO  
Frances Chapin, Cultural Services Manager  
Jeff Taraday, City Attorney  
Sandy Chase, City Clerk  
Jana Spellman, Senior Executive Council Asst.  
Jeannie Dines, Recorder

### 1. MEET WITH CANDIDATES FOR APPOINTMENT TO THE HISTORIC PRESERVATION COMMISSION

At 6:30 p.m., the City Council met with Historic Preservation Commission candidates Gerald Tays, Tim Raetzloff, Bill Muller, and Margaret Keogh. The meeting took place in the Jury Meeting Room, located in the Public Safety Complex. All City Councilmembers and the Mayor were present for the meeting.

Mayor Earling reconvened the regular City Council meeting at 7:00 p.m. and Girl Scout Troop 42215 led the flag salute and the Girl Scout Pledge.

### 2. APPROVAL OF AGENDA

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PLUNKETT TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.**

### 3. APPROVAL OF CONSENT AGENDA ITEMS

Council President Peterson requested Item I, Proposed Ordinance Amending Ordinance No. 3821 to Revise the Time Limit Provision Relating to the Payment of Additional Compensation, be removed from the Consent Agenda and rescheduled on a future agenda at the request of the City Attorney.

Councilmember Plunkett requested Item K be removed from the Consent Agenda.

**COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO APPROVE THE REMAINDER OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:**

- A. ROLL CALL
- B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF FEBRUARY 21, 2012.
- C. APPROVAL OF CITY COUNCIL MEETING MINUTES OF FEBRUARY 28, 2012.
- D. APPROVAL OF CLAIM CHECKS #130587 THROUGH #130735 DATED FEBRUARY 23, 2012 FOR \$2,296,824.25, AND CLAIM CHECKS #130736 THROUGH #130821 DATED FEBRUARY 29, 2012 FOR \$456,407.40.
- E. ACKNOWLEDGE RECEIPT OF CLAIM FOR DAMAGES FROM COMCAST (\$423.13), AND JANIS CAIN (\$1,630.70).
- F. AUTHORIZATION FOR THE MAYOR TO SIGN CITY OF EDMONDS LODGING TAX COMMITTEE TOURISM PROMOTION AGREEMENT AWARDED THE SNOHOMISH COUNTY VISITOR'S BUREAU \$6,000 FOR TOURISM PROMOTION AND SUPPORT OF VISITOR SERVICES TO PROMOTE EDMONDS.
- G. AUTHORIZATION FOR THE MAYOR TO SIGN CITY OF EDMONDS LODGING TAX COMMITTEE TOURISM PROMOTION AGREEMENT AWARDED THE EDMONDS CENTER FOR THE ARTS \$10,000 TO ATTRACT VISITORS TO EDMONDS THROUGH ADVERTISING AND PROMOTING DOWNTOWN EDMONDS AND ANNUAL CULTURAL EVENTS/FESTIVALS IN THEIR 2011/2012 SEASON BROCHURE.
- H. AUTHORIZATION FOR THE MAYOR TO SIGN CITY OF EDMONDS LODGING TAX COMMITTEE TOURISM PROMOTION AGREEMENT AWARDED THE EDMONDS VISITOR'S CENTER \$2,500 FOR TOURISM PROMOTION AND SUPPORT OF VISITOR SERVICES TO PROMOTE EDMONDS.
- J. ORDINANCE NO. 3875 - AMENDING THE CITIZENS' TREE BOARD ORDINANCE; ADDING ONE NON-VOTING, EX-OFFICIO POSITION TO THE CITIZENS' TREE BOARD TO BE FILLED BY AN EDMONDS CITY COUNCIL MEMBER; AND ESTABLISHING THE LENGTH OF TERM FOR AN APPOINTEE WHO HAS FILLED A VACANCY.

**ITEM K: CONFIRMATION OF FOUR NEW HISTORIC PRESERVATION COMMISSION MEMBERS**

Councilmember Plunkett introduced Gerald Tays, Margaret Keogh, Tim Raetzloff, and Bill Muller.

**COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER PETSO, TO CONFIRM THE APPOINTMENT OF GERALD TAYS, TIM RAETZLOFF, BILL MULLER AND MARGARET KOEGH TO THE HISTORIC PRESERVATION COMMISSION. MOTION CARRIED UNANIMOUSLY.**

**4. PROCLAMATION IN HONOR OF GIRL SCOUTS 100TH ANNIVERSARY**

Mayor Earling read a proclamation applauding the Girl Scouts of America for 100 years of leadership and expertise. The proclamation praised the Girls Scouts of Western Washington for providing the local support for Girl Scouting in the community and the Girl Scouts of Edmonds for their courage, confidence and character to act to make our world a better place. Mayor Earling proclaimed 2012 as the "Year of the Girl." He presented the proclamation to Girl Scout Troop 42215.

Councilmember Fraley-Monillas pointed out Councilmembers Buckshnis, Petso, Bloom and she had also been Girl Scouts.

## 5. AUDIENCE COMMENTS

**Andy Eccleshall, Chamber of Commerce**, announced the first Edmonds Business Expo on March 24 at the Edmonds Conference Center from 9:00 a.m. to 5:00 p.m. The Expo will showcase local businesses, specifically businesses that do not have a storefront, and provide an opportunity for those businesses to interact with the public and for the public to meet and interact with local experts. The event can accommodate a maximum of 78 vendors. There will be seminars throughout the day by the businesses, hourly door prizes and light food provided by local caterers. The event is free to the public and booth spaces are only \$75. Further information is available at the Chamber website or by calling Jan Vance or him. The deadline for submitting vendor applications is March 16. Councilmember Buckshnis inquired about non-profit corporations. Mr. Eccleshall stated they were welcome and the \$75 booth fee could be negotiated.

**Lynn Heitritter, Edmonds**, explained many Edmonds residents find themselves without health insurance. She described a new resource, Edmonds Mobile Medical Clinic, HOPE, that will provide free, basic healthcare services to uninsured individuals in the community on a weekly basis under the non-profit charitable organization, the Puget Sound Christian Clinic, and with support from the Verdant Health Commission. Clinics are offered at the Edmonds United Methodist Church, also the location of the Edmonds Food Bank. The clinic is staffed entirely with volunteers from four different churches in the Edmonds area, as well as individuals from Shoreline, Mukilteo, Lynnwood, Brier, Mill Creek, Camano Island and Federal Way. Their singular focus is to provide their patients with quality and compassionate healthcare. The Edmonds clinic serves a diverse population and age range; 75% are women, many of whom have not had healthcare for several years. The clinic is able to provide follow-up care and about 1/3 of their patients are scheduled for follow-up care, a critical step in preserving and maintaining health. In addition to alleviating the stress and distress of human suffering, the clinic also saves tax dollars by preventing emergency room visits. To celebrate this free healthcare program, she invited the Council and public to a commissioning service at the Edmonds United Methodist Church this Sunday at 9:00 and 10:30 a.m. The HOPE truck will be on site and tours are available. Mayor Earling commended them for offering this fabulous service to the community.

**Marianne Zagorski, Edmonds**, requested the City Council review the eligibility of one of its members to serve on the Council. She referred to rumors that Councilmember Plunkett, who married a Seattle resident last year, no longer resides in Edmonds, having moved to his wife's home in Magnolia. He has publicly moved his office to Magnolia. If Councilmember Plunkett is no longer an Edmonds' resident, he may no longer be eligible to serve on the City Council. She recommended the Council consult with legal counsel to determine his eligibility and if the Council has already done so, share that legal recommendation with citizens. She requested the Council undertake this action soon, fearing the actions taken by the Council may later prove non-binding or non-legal if a vote is decided by someone not eligible to serve on the Council. Inaction may put the City at risk of incurring unnecessary legal expenses.

**Jenny Anttila, Edmonds**, recalled she provided public comment in December regarding healthcare benefits for City employees and suggesting the Council renegotiate with the unions before June. She pointed out the corporate world and other cities are considering a reduction in healthcare benefits and she hoped Edmonds was doing the same. She referred to an article in the Edmonds Beacon where Mayor Earling stated the City will have an \$800,000 shortfall in 2013. The article did not describe what the City is considering with regard to savings on expenditures such as healthcare. She assured reducing healthcare benefits is normal and is not picking on anyone. She suggested the Council also consider reducing their own healthcare benefits. She referred to comments on wall sconces behind the City Council, "fairness is

what justice really is,” “justice cannot be for one side only,” which refers to citizens paying for benefits they cannot afford themselves, and “common sense is as rare as genius.”

**Dave Page, Edmonds**, referred to the City’s financial crisis, suggesting citizens need to consider what the City has already done. He has been reviewing the City’s budget for the past 25 years and realized since the 1% cap on property tax increase, the City has been going backwards. As an example, he cited population and number of employees for nearby cities: Lynnwood has a population of 39,000 and 465 city employees; Mountlake Terrace’s population is 19,900 and has 265 employees; Edmonds’ population is 40,000 and has 200 employees. He pointed out there are numerous employees with 10-20 years of service; they have to be paid to do their job. Employee morale is terrific in Edmonds. For every \$1 in sales tax, the City receives less than 1 cent and sales tax is down over 30% in the last 5 years. Real Estate Excise Tax is down 35-40% since 2007, placing the City’s infrastructure at risk. He assured the City’s budget was scraping the bottom of the barrel; a way needs to be found to fund the \$800,000 shortfall. He expressed his willingness to pay his share. He recommended the Council find a levy that all Councilmembers can agree on because the City collects all the money from a levy and does not have to share it with the state or county.

**Roger Hertrich, Edmonds**, referred to agenda item 7 and suggested the title of manager rather than director was more appropriate for a temporary position. Next, he referred to the advertisement on Channel 21 for the strategic plan charrette, suggesting it did not generate any excitement/encouragement for citizens to attend. He suggested utilizing someone with experience in advertising to make the advertisement more exciting.

**Don Hall, Edmonds**, referred to agenda item 9, an ordinance changing the Economic Development Commission’s (EDC) charge to read, identify new sources of revenue as a direct result of economic development projects for consideration of the City Council. Speaking as an individual and not a member of the EDC and relaying questions and ideas from other citizens, he pointed out there may be good ideas that on the surface do not meet that criteria but could help add to the General Fund and free up funds to spend on economic development. He urged the Council not to stifle creativity and volunteerism; hopefully citizens will get together and brainstorm ideas and bring them to committees or the Council and the Council can explore and discuss and make a decision. Regardless of the origin of an idea, the Council makes the final decision; issues and ideas do not go away just because a Councilmember does not like the idea. He expressed concern with the lengthy process to make the proposed change to the EDC’s charge.

## **6. PUBLIC HEARING REGARDING PARK IMPACT FEES**

Parks & Recreation Director Carrie Hite explained she has presented the concept of park impact fees to the Finance and the Community Services/Development Services Committees as well as the Council in September. The presentation to the Council included information provided by Randy Young, Henderson, Young & Company. At the conclusion of that meeting, the Council requested a public hearing and that staff provide answers to several questions that arose.

Ms. Hite provided the definition of an impact fee: a one-time payment, by new development, for capital costs of facilities needed by new development. She clarified current residents would not be assessed park impact fees. Park impact fees are assessed on new development to help pay for the impact the new development has on the City’s park infrastructure.

She described the calculation and collection of park impact fees:

- Collected per dwelling units, either multi-family or single family
- Calculated and collected at the time of a building permit.

To the question of whether the park impact fee could be collected after the completion of a building rather than at the time of a building permit as it may be burdensome to pay a park impact fee when applying for permits, she explained in consultation with the City Attorney, that may be possible.

Ms. Hite reviewed the requirements for spending park impact fees:

- Have to be spent on capital costs of public facilities that are determined in the Capital Facilities plan element.
- CFP must identify additional facility capacity needed for new development.
- Have to expend within 6 years after collection
- New or expanded facilities, not renovation, remodel of existing.
- Can provide exemptions ( i.e. low income housing)

She described how park impact fees are determined, explaining the packet includes examples of several other cities' park impact fees:

- Impact fees can only cover the proportionate share of system improvements, capital facilities development
- Adjustments requirement: need to consider other revenues that support the CFP (i.e. REET, grants, etc.)
- Credit requirement: allows developers to apply for credit if they mitigate

Types of park facilities that are covered by park impact fees include parks, recreational facilities, open space and trails. To the question of whether park impact fees can cover arts, the answer is no; they can only be used for parks, recreational facilities, open space and trails.

She listed the types of facilities in the City's current Parks, Recreation and Open Space Plan that park impact fees could help fund:

- Aquatic facility
- Sports fields
- Additional off-leash area
- Community garden
- Additional bike lanes, pedestrian connections
- Neighborhood parks

Ms. Hite provided park impact fees in other cities in 2010, noting the packet included a list of all Washington cities that have park impact fees:

<b>City</b>	<b>Park Impact Fee</b>
Issaquah	\$6,404
Monroe	\$4,579
Snohomish	\$4,150
Duvall	\$4,068
Mill Creek	\$3,887
Kirkland	\$3,845
Sultan	\$3,175
Redmond	\$2,812
Mukilteo	\$2,438
Kenmore	\$2,329
Mountlake Terrace	\$2,026
Bellevue	\$2,000
Brier	\$2,000
Woodinville	\$1,726

Bothell	\$1,345
Marysville	\$1,251
Mount Vernon	\$ 855
Arlington	\$ 484

Ms. Hite explained since 2010, several cities have adopted park impact fees, one of which is Tukwila, where the City's Finance Director Shawn Hunstock used to work. To the question of whether park impact fees can be imposed on residential as well as commercial development, Ms. Hite answered yes, most cities impose park impact fees on only residential development; Tukwila adopted a park impact fees in 2011 that is also imposed on commercial development.

In response to a question that arose during the previous Council discussion in regard to historical development, Ms. Hite provided a graph of new single family and multi-family dwelling units added 2001-2009:

Year	Single Family	Multi-family
2001	55	71
2002	83	72
2003	63	22
2004	96	245
2005	109	30
2006	73	92
2007	67	70
2008	21	140
2009	9	19
2010	18	21
2011	15	89

To the question of why should Edmonds have impact fees, isn't Edmonds built out, Ms. Hite provided the following:

- Conversions from single-family to multi-family, and/or construction of multi-family
  - Example: new 89 unit multi-family on SR104
- Population growth next six years = 1,237
- Transportation impact fees collected in Edmonds for past six years: \$571,872
- Only other capital budget for parks is REET

Ms. Hite described potential revenue from park impact fees in Edmonds:

- Population growth next six years = 1,237
- $1,237 \text{ people} \div 2.5 \text{ people/dwelling units} = 495 \text{ dwellings}$
- $495 \text{ dwellings} @ \$1,200/\text{dwelling units}^* = \$600,000$

\* This represents an average amount levied from various jurisdictions. Edmonds will need to determine the exact amount through a study

Ms. Hite described how park impact fees are determined:

- Very complex and regulated
- Complicated rules, regulations, determinations
- RCW 82.02.050-82.02.100
- All cities that have imposed impact fees have completed a rate study (packet includes rate studies from six cities)
- Cost of the study is \$25,000-30,000 (\$30,000 is allocated in the CIP in REET under planning)

Ms. Hite described the timing and cost to develop a park impact fees:

- Fee Calculation Study (3-4 months)
- Ordinance (1 month)
- Review and Adoption:
  - City Staff (1 month)
  - City Council (1-2 months)
- Consulting Costs (examples):
  - Olympia (parks - 2005) \$ 29,700
  - Issaquah (parks - 2007) 27,050
  - Edmonds (*roads* - 2009) 27,470
  - Renton (parks - 2010) 29,830

Councilmember Petso inquired about decision points during a rate study for the Council to provide direction. Ms. Hite envisioned the City would hire a consultant to complete the study; the consultant would review the City's asset inventory, capital, deficit, projected growth, etc. and develop a calculation. At the end of that study period, the Council would need to make several decisions including whether to impose park impact fees on commercial, residential or both; whether to provide exemptions; etc.

Councilmember Petso referred to the ability for developers to apply for credit if they mitigate rather than pay a fee. She asked whether that was within the Council's control, noting there are some locations where it would be very valuable for a developer to mitigate via open space or a tot lot but there are other overriding needs such as sports fields where the City may not want to allow a developer to mitigate with a tot lot. City Attorney Jeff Taraday explained state law requires the City to allow credits for the in-kind provision of the same facilities that are included in the park impact fees calculation. For example, if tot lots were included in the impact fee calculation and a developer provides a tot lot, they would receive credit for the value of the tot lot. If tot lots are not included in the park impact fees calculation, they would not receive a credit even if a tot lot is otherwise required as a condition of development. Not everything a developer provides as a condition of development approval necessarily translates into an impact fee credit; it depends on what is provided.

Councilmember Buckshnis referred to Kirkland's study and the indication that park impact fees could be used for the marsh and wetlands. Ms. Hite answered that could be considered in Edmonds' study; growth certainly would contribute to runoff that flows to the marsh. The marsh feasibility study will provide further information regarding how possible future growth may impact the marsh. She recommended the next update of the Parks, Recreation and Open Space Plan define the impact of future growth.

Councilmember Buckshnis referred to Renton's plan that includes fire equipment. Ms. Hite explained there are allowable impact fees in addition to park impact fees. Tonight's discussion is only about parks; Renton's fee study covered a multitude of impact fees that were instituted at the same time.

Council President Peterson asked whether a park impact fee is charged if a single family home is demolished and replaced with a single family home. Ms. Hite answered a park impact fee would not be assessed in that instance. Council President Peterson observed bike lanes were one of the approved uses for park impact fees; he asked whether the bike lane had to be on the street where development occurred. Ms. Hite answered it could be a bike lane anywhere in the City to mitigate future growth.

Council President Peterson asked how the impact on parks from commercial development was determined. Ms. Hite answered consideration is given to the number of employees coming into the community on a daily basis and making assumptions that those people will be using the trails, going to parks, recreating before/during/after work, etc.

Council President Peterson referred to the 6-year time period to expend park impact fees. Ms. Hite answered it is a rolling 6-year window. She noted park impact fees could be used to apply for grants, leverage REET dollars, etc.

Councilmember Yamamoto asked about making revisions to the Park, Recreation and Open Space Plan. Ms. Hite responded the Park, Recreation and Open Space Plan is updated every six years which includes an extensive public process. Mr. Taraday explained the park impact fees calculation should be closely tied to the Capital Facilities Plan. When major amendments are made to the Capital Facilities Plan, the park impact fee calculation should also be adjusted. Minor changes may not require revising the park impact fees calculation. Ms. Hite added the Park, Recreation and Open Space Plan and park impact fees can be amended at any time.

Mayor Earling opened the public participation portion of the public hearing. There were no members of the public who wished to provide testimony. Mayor Earling closed the public participation portion of the public hearing.

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO MOVE FORWARD AND AUTHORIZE STAFF TO DO AN RFP FOR A RATE STUDY.**

Council President Peterson inquired about funds allocated in the 2012 budget for the rate study. Ms. Hite responded the funds are currently allocated in REET Fund 125 under planning.

**THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.**

7. **CONFIRMATION OF THE MAYOR'S APPOINTMENT OF ROB CHAVE AS ACTING DIRECTOR OF DEVELOPMENT SERVICES AND ADOPTION OF THE PROPOSED ORDINANCE ADOPTING A NON-FINANCIAL AMENDMENT TO THE SALARY RANGE APPENDIX.**

Mayor Earling explained the reason he included the appendix salary range table in the packet was to illustrate that the former mayor included nearly \$15,000 for an Acting Development Services Director, and this was not a request for additional funds.

Councilmember Buckshnis observed an amendment was not required if the preliminary budget included the funds; the Council was only authorizing the allocation of \$14,983. City Manager Jeff Taraday responded the preliminary budget should have included this appendix and it did not. Ideally at some point the City Council would take action to formally approve the appendix in its entirety, not just the one page. To Councilmember Buckshnis' question about amending the budget, that may depend on what one considers an amendment; for some a budget amendment is a new appropriation of money; for others, a budget amendment is any change to the budget book. That is an issue he and Finance Director Shawn Hunstock are still discussing. His preference would be that any changes to the budget book be done via a budget amendment. He had not realized until today that the appendix had not been included in the preliminary budget. The funds for this proposal were included in the final budget so there is no new appropriation. Whether that is considered a budget amendment, reasonable minds could disagree.

Councilmember Buckshnis suggested delaying this to allow review by the Finance Committee next week and bring it forward as an amendment to the budget book. Mayor Earling responded that could be done; the reason he moved forward with this proposal was concern by constituents and some Councilmembers that there is no one on point on the second floor on the north side of the building. Community Services/Economic Development Director Stephen Clifton occasionally provides assistance and he thought that Mr. Clifton had been appointed that responsibility. In fact that did not happen under Mayor

Haakenson or Mayor Cooper. Mayor Earling felt it was important to move forward with appointing Mr. Chave as Acting Development Services Director to ensure someone was on point, ready to answer questions and be responsible for Development Services. Until formal Council confirmation of his appointment occurs, he will not ask Mr. Chave to take on that responsibility.

Observing that the appropriation is included in the budget, Councilmember Buckshnis asked whether Mayor Earling could do an ex-factor appointment until a budget amendment occurred. Mr. Taraday responded the City's code addresses confirmation of directors; the Mayor appoints directors and the City Council confirms those appointments. Unfortunately, the code does not address acting or interim directors. He felt it appropriate for the Council to confirm the appointment of the director in this case because not having the Council confirm an acting director opens a loophole where it may not be clear when a director is acting or permanent. He recommended in the future the Council clarify/give direction regarding when acting directors need City Council confirmation. In the absence of clear direction in the City code, the process is as established in Chapter 2.10. The confirmation process is to the Council's benefit; state law does not require the City Council confirm mayoral appointment of directors. The Council could choose in this instance to waive its confirmation power and authorize the mayor to appoint an acting director.

Councilmember Buckshnis preferred to take the appendix to the Finance Committee next week and handle including them in the budget as a budget amendment. In her opinion the mayor has the ability to appoint an interim director because the funds have been appropriated. Mr. Taraday responded the City Council can confirm Mr. Chave tonight regardless of what the Council does regarding the appendix. It would be cleaner if the appendix had already been adopted but because they were not, the Council needs to make the best of the situation.

Councilmember Petso inquired whether the code changes could be referred to the Public Works, Parks and Planning Committee and returned to Council in two weeks or did it require review by the Planning Board. Mr. Taraday responded changes to Title 2 did not go to the Planning Board. Councilmember Fraley-Monillas commented it would also depend on what other items were on the Public Works, Parks and Planning Committee's agenda next Tuesday.

Council President Peterson asked whether the salary range table appendix was typically included in the budget book and was inadvertently left out. Mr. Hunstock responded the RCW states the proposed preliminary budget must have the salary range table in it. Unfortunately it was left out at the time. There was an assumption that the final budget document would include the same table; however, unfortunately it was not noticed until after the budget ordinance was adopted. The Council should have been informed at that time. He summarized the salary range table appendix was typically included in the budget book.

Council President Peterson commented there were a number of scrivener's errors in the budget book and asked whether not including the salary range table fell in that category. Mr. Taraday answered this is a fairly significant, substantive amendment to the budget. The salary range table lists the City's employees and what they can earn. It was not included in the proposed preliminary budget in the form of the appendix.

Council President Peterson recognized the salary range table was not included in the form of an appendix and asked whether the information was included in each department's budget. Mr. Hunstock responded positions are mentioned in the budget narrative; however, the dollars are aggregated for all positions within that department and the positions and salaries would not be identified unless there was only one position in the department.

Councilmember Fraley-Monillas asked whether it would be quicker to bring this part through the Finance Committee and ask the City Attorney to draft a code update and return it to the Council in two weeks. She

did not anticipate inclusion of the appendix in the budget would be a major undertaking for the Finance Committee. Mr. Taraday agreed he could draft a code amendment for consideration by the Council in two weeks. Councilmember Fraley-Monillas recommended the Council proceed in that manner.

Councilmember Yamamoto observed the Council was in basic agreement regarding the confirmation of the mayor's appointment of Mr. Chave as the Acting Director of Development Services.

**COUNCILMEMBER YAMAMOTO MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO CONFIRM THE MAYOR'S APPOINTMENT OF ROB CHAVE AS ACTING DIRECTOR OF DEVELOPMENT SERVICES.**

Mayor Earling commented there has been some sense of urgency regarding having a person in place as Acting Director of Development Services. He understood the Council's interest in a policy change regarding future appointments, pointing out this is an interim position to last no longer than the end of the year. Based on the sense of urgency expressed by some citizens and some Councilmembers, he would like to have Mr. Chave in this position and for the Council to make policy amendments regarding how interim versus permanent directors are appointed in the future.

Councilmember Bloom commented on the need to review the job specifications. Mayor Earling responded the limited staff in the Human Resources Department is in the process of writing job descriptions. He was amenable to reviewing all directors' job descriptions, commenting the directors do a great job for the City.

Councilmember Fraley-Monillas understood Mr. Taraday to say that as long as the funding was in place for this position and the position was approved, the City Council really does not have any say who is appointed as an acting/interim director. Mr. Taraday clarified he said the code is silent regarding the process for confirming acting directors. He preferred the code not be silent and state either acting directors come to Council for confirmation or they do not. He looked to the Council to direct him whether they wanted to have the ability to confirm the mayor's appointment of acting directors.

Councilmember Fraley-Monillas observed under the current code, it was not the Council's responsibility to confirm an acting director that is a funded position. Including the appendix in the budget book and the code amendment regarding whether the mayor's appointment of an acting/interim director requires Council confirmation are the Council's responsibilities. Mr. Taraday commented the line between an acting and a permanent director may not always be clear, whether Council confirmation was required or not. Councilmember Fraley-Monillas agreed that needed to be clarified in the code.

Council President Peterson advised he has scheduled discussion regarding the salary range table on the Finance Committee agenda as well as code language for Chapter 2.10. He preferred to pass the motion to confirm the mayor's appointment of Mr. Chave as Acting Development Services Director and then give direction to the City Attorney about the code amendment.

Councilmember Buckshnis found the ordinance acceptable as long as reference to the salary range table, page 211 was removed. She offered that as a friendly amendment to the motion which Councilmember Yamamoto accepted.

Councilmember Petso asked whether the motion did not include the ordinance and was simply confirming the mayor's appointment of Mr. Chave as the Acting Director of Development Services. Councilmember Yamamoto clarified his motion was only confirmation of the mayor's appointment of Mr. Chave. Councilmember Buckshnis withdrew the friendly amendment.

Councilmember Bloom requested review of the specification of the job description be added to the Public Safety and Personnel Committee's agenda. Council President Peterson agreed.

Mayor Earling restated the motion as follows:

**TO CONFIRM THE MAYOR’S APPOINTMENT OF ROB CHAVE AS ACTING DIRECTOR OF DEVELOPMENT SERVICES.**

**THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.**

**8. PRESENTATION ON THE SHORT & LONG-TERM BUDGET CHALLENGES.**

Mayor Earling thanked the Council for the opportunity to present basic information regarding the budget to inform the public of the coming budget challenges. He noted everyone in the last campaign used the economic challenges facing the City as a talking point. Due to the seriousness of the situation, there needs to be a conversation sooner than later regarding how the community will face those challenges. This presentation is intended only as an introduction to the revenue and expense projections along with basic information regarding potential revenue sources. He clarified the Council has extensive budget information, background and expertise, much deeper than will be presented tonight. Over the next several months he will undertake a process to help the public understand the challenges the City faces. This is intended to be an introduction to further information that will be presented and discussed over the next several months.

Staff and he have developed a public awareness program that will be provided to the Council and public next week that will help the community establish priorities during the budget process. The community needs to be engaged early and often and this is intended to be the beginning of that several month discussion. He gave a similar presentation to the Chamber of Commerce about ten days ago and it was well received.

Mayor Earling described where property taxes go:

- Schools: 64%
- County: 9%
- Port, Library, Hospital: 7%
- EMS: 4%
- City: 16%

Mayor Earling described property taxes for a home with an assessed value of \$375,000:

<b>Taxing District</b>	<b>2012 Tax per Average Residence \$375,000 AV</b>
City (bonds)	\$61.92
City (EMS)	187.50
City Regular	<u>622.80</u>
<b>Subtotal (City Assessed Tax)</b>	<b>\$872.22</b>
	<b>\$72/month</b>
Port	43.45
County	368.37
Hospital	40.38
Sno-Isle Regional Library	187.48
Schools (local)	1,763.73
Schools (state)	<u>892.06</u>
<b>Subtotal (Other Districts Assessed Tax)</b>	<b>\$3,295.47</b>
<b>Total Assessed Tax</b>	<b>\$4,167.69</b>
	<b>\$347/month</b>

Mayor Earling described the distribution of sales tax by jurisdiction:

- State: 6.50%
- County: 1.25%
- Transit: 0.90%
- City: 0.85%

Mayor Earling summarized property tax and sales tax provide approximately 55% of the City's total revenue. Property taxes can only increase 1%/year without a levy lid lift. Sales taxes have flatlined for the past 2-3 years with slight increases. The problems facing the City include decreasing assessed values which result in lower property tax collections, a 1% cap on property tax increase although inflation is approximately 3-4%/year and flatlined sales tax, however, the gap between expenses and revenues will continue to widen over time.

Mayor Earling displayed a 2012 list of all 33 of the City's funds. A future presentation will address restrictions on the use of some of these funds. He highlighted the Emergency Financial Reserve which has a balance of approximately \$1.97 million that is set aside for an emergency. In addition the City has a Public Safety Emergency Reserve with a balance of approximately \$1.3 million. The funds in the Public Safety Emergency Reserve are the proceeds of the sale of Fire Department equipment to FD1.

Mayor Earling displayed a graph of total General Fund revenue compared to total General Fund expenditures 2011 estimate, 2011 budget, and 2013 – 2021 projected, explaining revenues and expenditures approximately balance in 2012. In 2013, expenditures begin to exceed revenues. That continues to worsen over time and unlike the \$800,000 shortfall in 2013, the shortfall in future years grows to \$3-\$3.5 million/year.

Mayor Earling displayed a graph of the change in ending fund balance compared to cumulative ending fund balance 2011 estimate, 2011 budget, and 2013 – 2021 projected, pointing out there is a substantial problem in 2019, 2020.

Mayor Earling explained there are several ways to address the problem. The first is to cut the budget. He referred to Mr. Page's comparison of Edmonds' population and number of employees in Mountlake Terrace and Lynnwood. When one of the City's former Finance Directors Dan Clements identified the long term problem, the City acknowledged the problem in 2003 and laid off 23 staff members. Since then the Council has made further reductions in the budget, merging positions or leaving positions vacant. He summarized relative to other cities, Edmonds is lean with regard to number of staff. Edmonds has 199 staff members and a population of 40,000. By contrast, Mountlake Terrace has a population of slightly less than 20,000 and a staff of 240. He clarified he was not casting dispersions on Mountlake Terrace but pointing out that a city considerably smaller than Edmonds has more staff members. One of his concerns was that much deeper cuts would affect programs.

A second way to address the problem would be to ask the voters to approve a levy lid lift. He recalled the City had three issues on the ballot in 2011, a transportation levy, a park levy and a General Fund levy; all three were decisively defeated. The highest percentage was 42% yes. Anyone involved in a campaign knows that 42% of the vote is a decisive loss. He assumed the Council would discuss a levy lid lift during the year, whether to have a levy lid lift, how it should be structured, etc. He remarked the Council's debate last year regarding the levies occurred over several months and when a vote was taken, the Council was divided on the levies. If the Council considers a levy lid lift, he recommended there be substantial agreement among Councilmembers.

A third way to address the problem is economic development. He noted Community Services/Economic Development Director Stephen Clifton has done a wonderful job with regard to economic development;

there are new businesses like Dick's Drive In, Goodwill, new restaurants and other businesses, a medical complex near the hospital, etc. It will take until 2014-2016 before the convincing, long term benefits of economic development will be realized.

A fourth way would be for everyone to pray the economy does a remarkable turnaround by the end of the year; he did not believe that type of turnaround would be possible. He anticipated a combination of all four ways will be necessary. He summarized the shortfall beyond 2013 becomes very serious. He acknowledged the \$800,000 shortfall in 2013 was an estimate. For example, there is a proposal in the legislature that would eliminate approximately \$230,000 in liquor tax, increasing the shortfall to over \$1 million. Next week staff will provide the Council and public a plan to help the public begin to understand the challenges facing the City. Coverage of this issue will continue in the Edmonds Beacon, My Edmonds News, and the Weekly Herald.

In addition to the documentation provided, Councilmember Plunkett suggested also providing the five year General Fund projection that includes actual and targeted ending fund balance. Mayor Earling agreed that could be provided. He assured additional documentation will be provided in the coming months. He referred to the graph of the change in total General Fund revenue compared to Total General Fund expenditures, explaining it included the \$1.3 million Public Safety Reserve. The shortfall continues to grow even when those funds are included, at best prolonging the agony up to a year. He pointed out the difficulty with a reserve is that once it is spent, it is gone.

Councilmember Buckshnis explained the Finance Committee is developing a new reserve policy due to new standards from the Financial Accounting Standards Board and the Governmental Accounting Standards Board.

9. **CONTINUED DISCUSSION OF PROPOSED ORDINANCE AMENDING EDMONDS CITY CODE SECTION 10.75.030(A)(2), EXTENSION OF ECONOMIC DEVELOPMENT COMMISSION SUNSET DATE, AND OTHER ITEMS RELATED TO THE ECONOMIC DEVELOPMENT COMMISSION.**

Community Services/Economic Development Director Stephen Clifton explained on December 20, 2011, the City Council expressed a desire to amend Edmonds City Code Section 10.72.030(A)(2) to read, "Identify new sources of revenue as a direct result of economic development projects for consideration of City Council." As requested, a draft ordinance was prepared and presented to the Council on January 23, 2012. At that meeting, the Council chose to not take action on the draft ordinance, but instead, requested this topic be discussed further during the February 2012 City Council retreat. The Council did take action on Ordinance 3868, extending the sunset date of the Economic Development Commission for 120 days or April 29, 2012.

During the February 2012 Council retreat, the Council discussed the amendment and extending the sunset date as well as the following items:

- Clarify the Council liaison's role
- Have a Port liaison rather than Port Commissioners serving as members
- Amend the language so members are not elected officials
- Make Commission appointments later
- Stagger Commissioners' terms

Councilmember Buckshnis asked why extension of the sunset date beyond April 29, 2012 was not included in the ordinance. Mr. Clifton answered that was a topic of discussion for the Council. If the Council chooses to extend the sunset date, a draft ordinance will be prepared. Councilmember Buckshnis

clarified the proposed ordinance addresses only the change to the powers and duties of the Commission. Mr. Clifton agreed.

As the Council liaison to the EDC for the past couple years, Councilmember Buckshnis recommended extending the sunset date and agreed with the concept of staggering terms.

Councilmember Plunkett suggested staggered Commission terms would require an amendment to the ordinance. Mr. Clifton suggested returning an ordinance to the Council amending the original ordinance establishing the EDC to include language regarding staggered terms. Councilmember Plunkett observed the ordinance would also need to be amended to prelude Commissioners from being elected officials and clarifying the role of the Council liaison. Staff could request the Port appoint a liaison.

Council President Peterson suggested the ordinance needed to be amended with regard to the sunset date.

**COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE ORDINANCE NO. 3876, AMENDING SECTION 10.75.030 AS PRESENTED.**

**COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO ESTABLISH 4-YEAR STAGGERED TERMS, 2 YEARS EACH WITH THE STIPULATION THAT NO ELECTED OFFICIALS SERVE ON THE COMMISSION.**

Councilmember Petso preferred to approve only the amendment proposed in the packet and have the other amendments such as staggered terms, duration, etc. be presented in writing at a future meeting. Council President Peterson responded he might agree with Councilmember Petso if the Council had not had extensive discussion regarding these issues at the retreat. It is important to provide a forward motion to the EDC. He clarified the EDC would be extended for four years and each Councilmember appoints two members, one appointee would be for two years and one for four years. The intent is for all Councilmembers and the Mayor to appoint members; existing members are encouraged to apply so that there is some continuity.

Mr. Clifton suggested amending Ordinance No. 3735 as follows:

- Extend the EDC for four years
- Stagger terms
- Not have elected officials serve on the EDC
- Amend Section 10.75.030

**COUNCILMEMBER PLUNKETT WITHDREW HIS MOTIONS WITH THE AGREEMENT OF THE SECOND.**

It was the consensus of the Council to proceed as Mr. Clifton suggested. Council President Peterson advised it would be scheduled on the March 20 agenda.

Councilmember Bloom inquired about the role of the liaison. Mr. Clifton explained the liaison attends meetings, participates in discussions but is a non-voting member. The liaison also reports to the Council/Port on issues discussed and the status/progress being made.

Councilmember Bloom asked why there were originally two liaisons to the EDC and now there is only one plus an alternate. Council President Peterson recalled there was a Council Economic Development Committee where two Councilmembers met quarterly with Mr. Clifton and the EDC. In the transition between the committee and the commission, there were two Councilmembers involved with the EDC. Councilmember Plunkett welcomed Councilmember Bloom providing language clarifying the Council

liaison's role. Mr. Clifton relayed Mr. Taraday's suggestion to include a fifth amendment, stating that a Council liaison exists, similar to the Tree Board.

**10. COUNCIL APPOINTMENTS TO FILL THREE VACANCIES ON THE CITIZENS TREE BOARD**

Council President Peterson announced the following Council appointments to the Tree Board:

- Councilmember Fraley-Monillas appoints Rebecca Wolfe
- Councilmember Yamamoto appoints Steve Hatzenbeler
- Councilmember Plunkett appoints Susan Paine

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO CONFIRM THE APPOINTMENT OF REBECCA WOLFE, STEVE HAZENBELER AND SUSAN PAINE TO THE TREE BOARD. MOTION CARRIED UNANIMOUSLY.**

**11. MAYOR'S COMMENTS**

Mayor Earling encouraged the public to attend one of the strategic plan charrettes:

- Wednesday, March 14, 6:00 – 8:00 p.m. at the Edmonds Conference Center at 4<sup>th</sup> & Bell
- Monday, March 19, 6:00 – 8:00 p.m., Library Plaza Room

Mayor Earling reported 60 people have signed up to attend the charrettes; there is space for many more. He urged the public to visit the City's website to sign up to attend the charrettes. The charrettes are important because they lay the groundwork for planning and help set priorities for the community.

**12. COUNCIL COMMENTS**

Councilmember Buckshnis announced her plans to attend the charrettes. She planned to visit businesses on Highway 99 to personally invite them to attend.

Councilmember Buckshnis thanked the Floretum Garden Club for their \$10,000 donation for the Old Milltown Park, a substantial amount of money raised by a club with approximately 124 members. The Garden Club also donated \$2,000 for a bench dedicated to Rachel Sedgefield.

Councilmember Fraley-Monillas thanked all the applicants for the Tree Board, noting it was a very difficult decision as all the applicants were very qualified.

Councilmember Fraley-Monillas commented on bloggers who she considered armchair quarterbacks, finding it offensive that because someone moved their office from Edmonds to Seattle that meant they no longer lived in Edmonds. She has lived in Edmonds for the past 27-28 years and worked in Seattle before retiring. She is currently working in Kitsap County and has traveled all over the country in the past two years which does not mean she is no longer an Edmonds resident. She found it inappropriate to question a Councilmember because he owns multiple properties. Councilmembers swear an oath when they take office, one of which is to be honest and true. She felt it inappropriate for citizens to bring up what is said in blogs at a Council meeting, making wild allegations that a Councilmember is no longer a resident of Edmonds because he owns multiple properties and has moved his office. She apologized to the Councilmember who was talked about in the blog.

Councilmember Bloom encouraged Student Representative Springer to invite students to participate in the strategic plan charrettes.

Council President Peterson announced a workshop on budgeting by priorities by Redmond's Finance Director Mike Bailey is scheduled on Thursday, March 22 at 6:00 – 8:00 p.m. in Council Chambers. He asked for Council input regarding whether to have the workshop videotaped. Although it may be good to inform the public about the concept of budgeting by priorities, he was inclined not to have the workshop videotaped as the Council has not made a decision to proceed with that method.

Council President Peterson reported Mayor Earling and he met with staff from Congressman McDermott's office. Edmonds will be in the 7<sup>th</sup> Congressional District, represented by Congressman McDermott. Congressman McDermott's staff toured several of the projects underway including Main Street, Sunset Avenue and parks projects as well as toured the Edmonds Center for the Arts (ECA) which was busy with high school students involved in a regional orchestra contest. Congressman McDermott will visit Edmonds Friday and will also tour the ECA.

Councilmember Yamamoto reported Councilmember Petso and he plan to visit businesses in the International District on Highway 99 to encourage them to get involved in the strategic planning process and to involve them in the community. He hoped to make the International District an attraction in Edmonds.

Student Representative Springer reported he will encourage high school students to participate in the strategic plan charrettes.

Mayor Earling referred to Councilmember Fraley-Monillas' comments, clarifying everyone appreciates My Edmonds News, the Patch and Edmonds KOMO. Her comments were directed at the bloggers who comment on their articles.

**13. ADJOURN**

With no further business, the Council meeting was adjourned at 9:20 p.m.