

EDMONDS CITY COUNCIL APPROVED MINUTES

May 28, 2002

Following a Special Meeting at 6:30 p.m. for an Executive Session regarding labor negotiations, and meeting with the newly appointed members of the Historic Preservation Committee at 7:00 p.m. , the Edmonds City Council meeting was called to order at 7:15 p.m. by Mayor Haakenson in the Council Chambers, 250 5th Avenue North , Edmonds . The meeting was opened with the flag salute.

ELECTED OFFICIALS PRESENT	STAFF PRESENT
Gary Haakenson, Mayor Dave Earling, Council President Jeff Wilson, Councilmember Michael Plunkett, Councilmember Lora Petso, Councilmember Dave Orvis, Councilmember Deanna Dawson, Councilmember	Duane Bowman, Development Serv. Director Stephen Clifton, Community Services Director Peggy Hetzler, Administrative Services Director Noel Miller, Public Works Director Arvilla Ohlde, Parks and Recreation Director Rob Chave, Planning Manager Dave Gebert, City Engineer Steve Bullock, Senior Planner Minh Truong, Investment Accountant Frances Chapin, Cultural Resources Coordinator Zach Lell, City Attorney Linda Hynd, Deputy City Clerk Jana Spellman, Senior Executive Council Asst. Cindi Cruz, Executive Assistant Jeannie Dines, Recorder
ELECTED OFFICIALS ABSENT Richard Marin, Councilmember	

1. **APPROVAL OF AGENDA**

Councilmember Plunkett requested Approval of the Teamsters Labor Contract be added to the Consent Agenda.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER WILSON , TO ADD APPROVAL OF THE TEAMSTERS LABOR CONTRACT TO THE CONSENT AGENDA AS ITEM H AND CONSIDERATION OF CONTRIBUTION TO THE EDMONDS COMMUNITY COLLEGE CENTER FOR FAMILIES CAPITAL CAMPAIGN AS ITEM 3A. MOTION CARRIED UNANIMOUSLY.

COUNCILMEMBER ORVIS MOVED, SECONDED BY COUNCILMEMBER DAWSON , FOR APPROVAL OF THE AGENDA AS AMENDED. MOTION CARRIED UNANIMOUSLY.

2. **CONSENT AGENDA ITEMS**

Councilmember Petso requested Item D be removed from the Consent Agenda.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER ORVIS, FOR APPROVAL OF 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 MAY 21, 2002**

- (C) **APPROVAL OF CLAIM CHECKS #55698 THROUGH #55829 FOR THE WEEK OF MAY 20, 2002 , IN THE AMOUNT OF \$354,231.37. APPROVAL OF PAYROLL DIRECT DEPOSITS AND CHECKS #32683 THROUGH #32794 FOR THE PERIOD MAY 1 THROUGH MAY 15, 2002 , IN THE AMOUNT OF \$842,015.72**

- (E) **FINAL APPROVAL OF A 10 LOT FORMAL PLAT LOCATED AT EDMONDS WAY AND 96TH AVENUE WEST (Applicant: Michel Construction / File No. P-2001-105)**

- (F) **AUTHORIZATION FOR MAYOR TO SIGN ADDENDUM NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH R.W. BECK, INC. FOR THE LIFT STATION NO. 1 PROJECT**

- (G) **AUTHORIZATION TO ADVERTISE FOR STATEMENTS OF QUALIFICATIONS FROM CONSULTANTS FOR THE DESIGN OF THE MID-WATERFRONT WALKWAY/BULKHEAD IMPROVEMENT PROJECT**

- (H) **APPROVAL OF THE TEAMSTERS LABOR CONTRACT**

Item D: Approval of Law Enforcement Supportive Service Employees Labor Agreement

Councilmember Petso indicated she planned to vote against this item as she felt the parameters on cost of living increases were significantly disadvantageous to the City.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCIL PRESIDENT EARLING, FOR APPROVAL OF ITEM D. MOTION CARRIED (5-1), COUNCILMEMBER PETSO OPPOSED. The item approved is as follows:

(D) APPROVAL OF LAW ENFORCEMENT SUPPORTIVE SERVICE EMPLOYEES LABOR AGREEMENT

3. CONFIRMATION OF NEWLY APPOINTED MEMBERS OF THE HISTORIC PRESERVATION COMMISSION

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER WILSON , TO CONFIRM THE APPOINTMENT OF THE MEMBERS OF THE HISTORIC PRESERVATION COMMISSION. MOTION CARRIED UNANIMOUSLY.

Mayor Haakenson expressed his appreciation to the citizens who have agreed to serve on the Commission.

3A. CONSIDERATION OF CONTRIBUTION TO THE EDMONDS COMMUNITY COLLEGE CENTER FOR FAMILIES CAPITAL CAMPAIGN

Council President Earling explained there has been an effort underway by Edmonds Community College to create a Center for Families. He explained the fundraising goal for the Center is \$4 million; they currently have \$3.6 million or \$3.9 million. Council President Earling remarked this would be an important addition to the greater community as there were many displaced individuals returning to school at Edmonds Community College and there were families in the area in need of a safe place for their children to begin their education. He expressed his support for this project.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER DAWSON , TO CONTRIBUTE \$5,000 TO THE EDMONDS COMMUNITY COLLEGE CENTER FOR FAMILIES CAPITAL CAMPAIGN WITH FUNDS TO COME FROM NON-DEPARTMENTAL MISCELLANEOUS.

Councilmember Petso commented this was awkward for her because it was always nice to be in a position to donate funds to good causes. Although she did not doubt this was a good cause, she was concerned that by donating to this project, it would be nearly impossible to say no to anyone else who asked for funds for their cause. She suggested donations be done in coordination with other budget items and charitable giving be prioritized over the year. She suggested each Department Director could identify an important project for the community if they were provided \$5,000. She noted the project was not technically located within the boundaries of the City although she acknowledged it was within the

community. She expressed concern that this may be an illegal gift of public funds and asked the City Attorney to comment.

City Attorney Zach Lell explained the benchmark standard for determining whether a gift of public funds has occurred considers factors such as donor intent. Although the City was free to donate to causes that directly benefited the poor and infirm, he would need to research further the extent to which that occurred in this instance. He offered to review the proposed donation further and report to the Council.

Council President Earling offered to amend his motion to condition the vote on a report from the City Attorney on the status of this donation contribution. Councilmember Dawson agreed.

Councilmember Dawson commented she did not believe this was an illegal gift of public funds. She noted that studies show early childhood education before kindergarten is incredibly important to a child's success in the future, however, the State of Washington does not fund education before kindergarten. Having a center in the community that would serve residents of the City and give them access to pre-kindergarten education, and provide a safe place for parents going back to school to bring their children, would be incredibly valuable to the community. She commented it was unfortunate the City did not have more to give; Lynnwood was giving \$25,000 to the Center. If the Center had not reached its goal by the time the budget was developed, she supported donating more money to this worthwhile project.

Mayor Haakenson restated the motion as follows:

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER DAWSON, TO APPROVE THE CONTRIBUTION OF \$5,000 TO THE EDMONDS COMMUNITY COLLEGE CENTER FOR FAMILIES CAPITAL CAMPAIGN CONDITIONED ON A REPORT FROM CITY ATTORNEY ZACH LELL. MOTION CARRIED (5-1), COUNCILMEMBER PETSO OPPOSED.

4. RECEIPT OF CERTIFICATION OF EXCELLENCE AWARD FOR THE CITY'S INVESTMENT POLICY

Administrative Services Director Peggy Hetzler explained last year the City of Edmonds requested a review of its investment policy from the Washington Municipal Treasurers' Association. The Association's peer review committee evaluated the City's policy for adherence with applicable state statutes, judicial decisions and legal opinions governing the investment of public funds. Upon completion of its review, the committee certified that the City's investment policy conforms to the standards established by the Washington Municipal Treasurers' Association and awarded the City a Certification of Excellence.

Ms. Hetzler introduced Minh Truong, the City's Investment Accountant, explaining Mr. Truong, who requested the review from the Washington Municipal Treasurers' Association, administers the daily investment and cash management program and is one of the primary authors of the investment policy. Ms. Hetzler presented Mr. Truong with the Certificate of Excellence Award for the City's Investment Policies.

5. JOINT MEETING WITH THE PLANNING BOARD

Planning Boardmembers Jim Crim, Virginia Cassutt, Cary Guenther, and John Dewhirst (Chair) introduced themselves. Boardmembers Wayne Zhan, Joanne Noel and Jim Young were unable to attend.

Planning Board Chair Dewhirst explained the Planning Board spent a great deal of time in 2001 working on the Design Guidelines and the new process – 18 work sessions, 2 joint hearings with the Architectural Design Board (ADB), and 4 public hearings on the new guidelines and new ADB process. He was hopeful that at their next meeting, the Planning Board would forward the guidelines to the Council. The Planning Board also worked on the Comprehensive Plan including updates to several elements and a new Park Plan. He advised the Planning Board also approved and forwarded the Edmonds Register of Historic Places to the Council. The Planning Board held nine work sessions and two public hearings and forwarded a recommendation to the Council regarding the Planned Residential Development ordinance. The Planning Board held public hearings on five code amendments including a significant change to the single family and multifamily parking standards, location of churches, and definition of streets. The Planning Board also held public hearings and forwarded a recommendation to Council on four site-specific rezones.

Mr. Dewhirst explained the Planning Board was currently working on a new mixed-use zoning district around Stevens Hospital, which may require an area rezone. He noted this was being deferred until work on the transportation element of the Comprehensive Plan was completed later this year.

Mr. Dewhirst noted this was the second year the Planning Board has held a retreat/work session where they review what they accomplished and whether anything could be done better, review work with staff, and set the agenda for the coming year. During the past two meetings, the Planning Board held public hearings and forwarded a recommendation to Council on two new master planned zoning districts and rezone of the Pt. Edwards site which will be on the Council agenda in the near future. Mr. Dewhirst noted the Planning Board would soon begin its consideration of Comprehensive Plan amendments, the largest being the new transportation element.

Council President Earling inquired about the Planning Board's workload, whether meetings were long and/or special meetings required. Planning Boardmember Jim Crim answered the Planning Board usually meets from 7:00 – 10:00 p.m. Council President Earling asked whether staff was responsive to the Planning Board's requests. Planning Boardmember Virginia Cassutt answered staff responded very well; the Planning Board worked well with staff and there were very open lines of communication. Mr. Dewhirst commented it would not have been possible to accomplish everything the Planning Board had in the past year without the good working relationship with staff. He noted there had not been any extra meetings during the past year. He found the monthly meeting with the Mayor and Council President

assisted with the interaction between staff and the Council. Ms. Cassutt commented the Planning Board has also worked well with the ADB over the past year.

Councilmember Petso inquired about public input at Planning Board meetings, whether there was a lot of public comment on issues during the Planning Board's review. She expressed frustration with instances when the Planning Board has put a lot of work into an issue and when it is forwarded to Council, there are numerous comments made to Council, causing her to question whether the Planning Board also heard that input and took it into consideration when making a decision. Mr. Dewhirst remarked the amount of public input could always be improved; however, on issues of interest, the public does show up. Ms. Cassutt agreed it depended entirely on the issue. She noted staff had tried everything possible to ensure meetings and issues are advertised.

Council President Earling commented any public testimony to the Planning Board was forwarded to the Council. He questioned whether Councilmember Petso's concern was how to get more people to provide input on issues. Councilmember Petso explained occasionally an issue was reviewed by the Planning Board with little public testimony followed by a great deal of public comment at the Council level. She preferred the public comment be made at the Planning Board level to ensure the Planning Board had the opportunity to consider the comments and make adjustments as necessary prior to forwarding the issue to the Council. Mr. Dewhirst commented the Planning Board has worked to improve this by grouping subject matters and working on issues in a concentrated timeframe so that the public knows the issue will be discussed at the next meeting.

Councilmember Plunkett inquired whether there was anything the Council could do to make the Planning Board's work more efficacious. Mr. Dewhirst noted that was discussed at the Planning Board retreat and it was determined there was nothing the Council needed to do to assist the Planning Board. Councilmember Plunkett recalled reading in Planning Board or ADB minutes that boardmembers wished for more direction from Council. Ms. Cassutt answered that had not occurred recently because the Planning Board received better direction at the beginning of the process.

Councilmember Orvis noted Planning Boardmembers were not compensated for their efforts. He inquired how many hours a week boardmembers spent. Mr. Dewhirst answered the Board met twice a month from approximately 7:00 – 10:00 p.m. and spent 2-4 hours per meeting reviewing materials prior to the meeting.

Mr. Dewhirst encouraged the Council to maintain the Planning Board's small training budget (\$1,000) during the upcoming difficult financial times. He noted most of the boardmembers were laypersons in other fields and needed training regarding the Comprehensive Plans, GMA, etc. Ms. Cassutt noted boardmembers avail themselves of free training but it would be helpful to attend other training that is available.

Mr. Dewhirst explained the work plan for the remaining six months of 2002 would focus on the updates and amendments to the Comprehensive Plan. The biggest were the Transportation Element and a new Comprehensive Plan map. He explained the existing Comprehensive Plan map used "bubbles" to designate property; the new Comprehensive Plan map would have lot-specific designations. He noted GMA required this level of detail. The Planning Board will also be working on a new urban design plan

for streets, a stormwater drainage plan, and begin an update of the development code. Mr. Dewhirst noted the Planning Board would also be considering site-specific requests as they arise as well as the annual update of the Comprehensive Plan.

Mr. Dewhirst recalled last year the Planning Board and Council discussed Hwy. 99 and he was pleased that a subcommittee had begun to focus on Hwy. 99. He encouraged the Council to delve into Hwy. 99 quickly as there were some interesting opportunities that would not last long such as the K-Mart property.

Councilmember Plunkett asked what the City could do with regard to the K-Mart property. Mr. Dewhirst commented that was part of the problem – the City wondering what it could do. The subcommittee planned to look at what the City could do outside the traditional methods. Ms. Cassutt commented the City may be able to identify a use/user they would like to have on the property rather than wait until someone comes along.

Mayor Haakenson commented the City was working on that currently. Councilmember Plunkett inquired whether the City was recruiting someone to locate on the K-Mart property. Mayor Haakenson advised the City was speaking with some possible tenants.

Councilmember Plunkett noted the City did not own the K-Mart property and questioned how the City would effect who purchased the property. Council President Earling commented the City could look at the existing policies to ensure they were functional and what could be done to make it easier for someone to put a business in that location. Ms. Cassutt agreed the Planning Board's intent was to make it easier and more attractive, including looking at the Hwy. 99 corridor and doing rezones if necessary.

Mayor Haakenson commented when a developer looks at a site such as the K-Mart property, the first thing they do is come to the City to discuss policies and whether they could accomplish their intent. When staff finds developers balk at a particular policy or zoning issue or code, it was appropriate to advise the Planning Board or Council that the type of development the City would like to have was not possible due to the codes, ordinances, attitudes, etc.

Councilmember Dawson commented K-Mart was in the process of bankruptcy which creates additional complications with regard to the sale of the property. Mayor Haakenson advised K-Mart did not own the property, it was owned by a private landowner.

6. AUDIENCE COMMENTS

There were no members of the public present who wished to address the Council.

7. **EDMONDS PUBLIC FACILITIES DISTRICT REQUEST TO DEFER REIMBURSEMENT OF COSTS ASSOCIATED WITH CITY PROVIDED SERVICES**

Community Services Director Stephen Clifton referred to a memo in the Council packet dated May 23, 2002, from the Public Facilities District (PFD) Board. The memorandum outlines the PFD Board's request to the Council to defer repayment of costs associated with City provided services and expenditures such as staff time, Ogden Murphy Wallace (attorneys) time, etc. spent on PFD activities. Mr. Clifton introduced PFD Boardmember James Monroe who would highlight the request. The Board would then introduce Christine Lund, who was hired recently by the Edmonds PFD Board to serve as the Project Manager to assist with responding to the contingencies imposed by the Snohomish County PFD Board in April.

Mr. Monroe explained the Council provided the Edmonds PFD Board \$34,000 when the Board was established on the basis that two-thirds of the amount collected would be repaid when practical based on funds coming in. He explained due to contingencies imposed by the City and Snohomish County PFD, the Edmonds PFD Board has been forced to retain professional services sooner than originally anticipated, resulting in a situation where sales and use tax revenue will not cover the necessary costs in the near term. Mr. Monroe explained the request to defer repayment was a matter of timing and assured the PFD Board would pay the funds back in the future.

Mr. Monroe explained in addition to deferring repayment, the memorandum outlines the PFD Board's request that the Council authorize the PFD Board to utilize up to \$50,000 from the proposed 2003 Parks Department budget to conduct a study to examine the feasibility of a community arts facility. The PFD Board further requests that the \$50,000 be moved forward in the budget cycle to 2002.

Councilmember Petso asked whether the funds to be reimbursed to the City would go the Lodging Tax Fund. Administrative Services Director Peggy Hetzler answered the \$20,000 would be refunded to the Hotel/Motel Tax Fund. Councilmember Petso inquired about the approximate balance in the Lodging Tax Fund. Ms. Hetzler did not have that information available.

Councilmember Petso explained since the Council made the appropriation from the Lodging Tax Fund, the fund has experienced its first year of not having a margin and the fund balance was recently as low as \$1,000. She was concerned with this low balance should someone who had been promised money from the fund submit a request for funds. She explained that, similar to the PFD, the Lodging Tax Fund was experiencing a cash flow issue. However, her understanding was that the largest consumer of funds, the Chamber of Commerce, most of their funds were expended at the beginning of the year. Unfortunately most of the revenue was received after the summer months. Chamber of Commerce Executive Director Chris Guitton indicated the Chamber does not anticipate any other projects until Christmas, when Councilmember Petso hoped the Lodging Tax Fund would have sufficient hotel revenues. She supported approving the request to defer repayment upon Ms. Hetzler's assurance that if a cash flow problem occurred, she could handle it.

For Council President Earling, Parks and Recreation Director Arvilla Ohlde explained the \$50,000 was in the Park Capital Fund. Through the Comprehensive Planning process, these funds were designated in 2003 for studying the feasibility of a cultural arts center. This was an option to use those funds in

conjunction with the PFD to obtain a document that would have the same outcome if the City conducted the study independently. She expressed her support for the PFD's request to use \$50,000 budgeted in the Park Capital Fund to examine the feasibility of a community arts facility.

Councilmember Plunkett commented moving the \$50,000 forward in the budget cycle would result in using ending cash balance from this year's 125 Fund. Ms. Hetzler agreed.

Councilmember Dawson inquired whether the Edmonds PFD had previously conducted a feasibility study. Mr. Monroe answered a market demand feasibility study was completed previously that addressed hotel space, convention space, etc., before the PFD focused on the Puget Sound Christian College (PSCC) site. Mr. Clifton explained the study would assist the PFD Board in conducting due diligence to determine the viability. He noted this was different than the market demand and feasibility study that was prepared in November 2002. The Edmonds PFD Board's goal was to demonstrate viability to the Snohomish County PFD in order to secure \$2.6 million in funding.

Councilmember Dawson asked about the difference between viability and market demand and feasibility. Mr. Clifton agreed they were similar. He explained the enabling legislation that created the Snohomish County PFD requires other PFDs to demonstrate viability. He explained the market demand and feasibility study was one step in a multi-step process; a business plan was developed and now the Edmonds PFD Board must refine the business plan, address market demand issues, sensitivity analysis issues, refine operating expenses, etc. to demonstrate viability to Snohomish County PFD. He referred to the Snohomish County PFD Board's report to the Snohomish County Council that indicates at this time they do not believe the Edmonds PFD Board has a viable project but in time they may. Councilmember Dawson concluded the study would demonstrate viability to Snohomish County PFD rather than to determine whether the project was viable.

Councilmember Dawson questioned what the \$50,000 would be used for. Mr. Clifton answered it would be used to conduct ongoing due diligence activities including hiring consultants such as a Project Manager, consultants responsible for preparing a fundraising feasibility analysis, securing letters of intent, etc.

Councilmember Petso recalled when the PFD Board was established, the idea was that it could be done largely using funds that were already going to the state via sales and use tax and minimal expenditures from Lodging Tax Funds and matching staff time, basically a no-cost proposition. However, with the request for \$50,000, it now appears the PFD has become more costly. She questioned whether the activities described by Mr. Clifton such as a fundraising feasibility analysis were the same as outlined in the Comprehensive Plan. Mr. Clifton did not recall that this would be a fully funded process using the sales and use tax rebate to the Edmonds PFD. He did recall revenue projections of approximately \$160,000 for 2001 and the same for 2002, noting thus far those estimates are accurate. What has occurred is that the project has evolved and the type of information to be provided to the Snohomish County PFD has evolved. He recalled informing the Council when the PFD Board was created in 2001 that the Board was an autonomous body with a dedicated revenue source. In the enabling legislation, the Council provided \$34,000 to assist the process but stated they would be willing to provide legal services, finance services, and other staff time but the PFD Board would be required to repay the City when practical. He explained the Edmonds PFD Board's requirement to respond to the Snohomish County PFD Board in a compressed timeline would cause a deficit in the PFD Board's budget if the City required repayment at this time.

Councilmember Petso indicated she was not concerned with deferring repayment but was concerned with the request for \$50,000. She questioned whether the Edmonds PFD could be required to pay back that amount or if the Council was being asked to provide those funds outright. Mr. Clifton answered the Council could require the PFD to reimburse those funds also.

Council President Earling explained that after the recent Snohomish County PFD Board meeting, the Board's Chair, Travis Snider, offered to meet with the Edmonds PFD Board at key points during this timeline to ensure the Snohomish County PFD Board's expectations are being met. Mr. Monroe noted the Edmonds PFD Board would be providing an update to the Snohomish County PFD Board on Friday and would schedule meetings with Mr. Snider on a regular basis.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO EXTEND THIS ITEM FOR TEN MINUTES. MOTION CARRIED UNANIMOUSLY.

Councilmember Petso asked how the study to be conducted by the PFD Board compared with the study proposed in the Comprehensive Plan, especially the specific items mentioned by Mr. Clifton, such as fundraising feasibility analysis. Ms. Ohlde discussed that the same questions would be answered if the Edmonds PFD Board did not exist and the City was studying a cultural arts center/performing arts center in the community. She noted this was an opportunity to partner with the PFD Board who would delve further than a study the City could conduct with \$50,000. She noted the same questions would have to be answered if the City conducted the study. Even if in the end the PFD was not successful, these would be public documents that were available to the City.

Councilmember Petso asked if there was anything the PFD Board would not study that the City's would have studied. Ms. Ohlde answered no, noting the criteria the Council and Snohomish County PFD Board established required deeper investigation than the City's study would have required. She concluded this would be a very thorough review of this project.

Councilmember Wilson asked whether the \$50,000 was required because the Snohomish County PFD has raised its expectations. Mr. Clifton answered yes, noting the short timeframe has condensed the timeline. To date the consultants the PFD Board has contracted with have been agreeable to a multi-month payment schedule, allowing the PFD Board to pay them as funds are received from the revenue stream of approximately \$10,000 - \$12,000 per month. The PFD Board is now required to secure services of additional consultants.

Councilmember Wilson asked whether the Board would be required to pay a premium for consultants due to the compressed timeframe. Mr. Clifton stated the Edmonds PFD Board was not expending more for consulting services than those services were worth. In fact, the Project Manager has agreed to reduce her hourly rate to assist the PFD Board due to her strong interest in the project and the type of endeavor the PFD Board has undertaken. The rates for the other consultants the Board interviewed, as well as the appraisal, were quite reasonable and within the expected range for a consultant.

Mayor Haakenson expressed concern with staff and legal costs projected through the end of 2002 including staff time totaling \$30,000. He noted staff was spending a tremendous amount of time on PFD matters that they could be spending on other projects. He expressed particular concern with legal costs that, to his knowledge, were unbudgeted and were projected to be \$80,000 by year-end. He was concerned with an agreement that stipulated repayment would occur "when practical." He asked when the funds would be repaid and whether there was a guarantee of repayment to the City. Ms. Hetzler answered the interlocal agreement requires the PFD reimburse the City at some point in time but does not specify the period of time. She assumed if the Council wanted to place a timeline on the deferment, that would be acceptable. She noted the Edmonds PFD Board should have approximately \$13,000 in cash at the end of 2002 and she estimated the Edmonds PFD would owe the City \$66,000. At the rate of approximately \$10,000 per month (the revenue collected by the PFD each month in sales and use taxes), those funds could be repaid in the first half of 2003. She explained it appeared the PFD had the ability to pay the funds back but it would take well into 2003 to accomplish it.

Mr. Clifton commented if the Edmonds PFD was successful in obtaining funds from the City and Snohomish County PFD Board, there would be sufficient funds to pay the City back for the services rendered to date.

If the Edmonds PFD did not obtain the funds from the Snohomish County PFD, Mayor Haakenson asked whether the Edmonds PFD could continue to exist for a period of time to enable them to collect the sales and use tax to repay the City. Mr. Clifton referred to a 2000 memo from the State Auditor that stated as long as a public facilities district stayed in existence and conducted due diligence activities toward the eventual development of a regional center, they could continue to collect the sales and use tax without the penalty of repayment if they ever dissolved.

Councilmember Plunkett assumed this action would require an agenda item on the Consent Agenda. City Attorney Zach Lell answered that would depend on the format preferred by the City and PFD.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER ORVIS, TO EXTEND THIS ITEM FOR TEN MINUTES. MOTION CARRIED UNANIMOUSLY.

Councilmember Plunkett commented review and approval of an additional document would extend the timeframe for the PFD. Mr. Lell explained he could draft a document with minimal effort for the Council and Edmonds PFD Board's review. Councilmember Plunkett asked whether sufficient time existed for the Council to conduct a more formal approval process. Mr. Clifton explained neither a resolution nor an ordinance was necessary, only the Council's consent. He noted this would benefit the Edmonds PFD Board as it was necessary to secure the services of additional consultants immediately in order to meet the timelines.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER PETSO, TO DELAY REPAYMENT OF THE APPROXIMATELY \$20,000 OWED TO COUNCIL UNTIL THE END OF THE SECOND QUARTER OF 2003. MOTION CARRIED UNANIMOUSLY.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER ORVIS, TO AGREE TO THE ADVANCEMENT OF \$50,000 FROM THE PARKS & RECREATION BUDGET FUND 125 NOW DESIGNATED FOR THE 2003 BUDGET CYCLE.

Councilmember Dawson noted other PFD Boards were able to pay cities back; Lynnwood was on a monthly repayment schedule. She was troubled that the Edmonds PFD Board was unable to pay back the moneys they said they would pay back, leading her to question whether this was a viable project. She noted this began as a high tech remodel of the auditorium but now was down to a bare bones proposal that cost a great deal. She expressed concern with partnering with a group with whom it was unclear whether they would buy the PSCC and spending a great deal in staff and attorney time and now another \$50,000 to illustrate that the project was viable. She commented it appeared the study was not to determine what would make the project viable but just “wrap it up in a nice bow so we can sell it to someone and try to get some money back down the road.” She preferred to step back and allow the project to succeed or fail on its own without throwing more money at it and without any idea if the City would be paid back. She supported saving the auditorium but was questioned whether this was the correct method and preferred other options be explored. She expressed concern with allocating \$50,000 given the tentative state of the purchase and sale of the auditorium.

Councilmember Petso shared Councilmember Dawson’s concerns, noting Ms. Ohlde’s comments indicated the City would be spending this money anyway to study an arts facility in the City and it would be more efficient to do it now. She was unsure now whether it would be more efficient or whether the Edmonds PFD was looking at a different project than the City would be studying in the future.

Councilmember Wilson spoke in favor of the motion, pointing out the Edmonds PFD was not on equal footing with the Lynnwood PFD because of the disparity in revenues generated from sales and use tax between the two cities. He noted the \$50,000 would result in a document that was useful to the City for this project or in the future for the project that was foreseen in the Comprehensive Plan. He was hopeful the return on the investment would be such that the project would move forward and the City would realize the benefits of retaining the existing auditorium and facility at that location. If not, the information would benefit the City’s efforts in the future.

Councilmember Dawson remarked if Lynnwood’s PFD collected more sales and use tax, they would have more money in the future to keep the project going. If the Edmonds PFD could not keep the project going long enough to conduct a study and present a proposal, how would the Edmonds PFD have enough money to continue to run the project?

Councilmember Wilson commented these funds would answer that question one way or the other, whether this project was viable. By not providing the funds, the answer would never be known.

MOTION CARRIED (4-2), COUNCILMEMBERS PETSO AND DAWSON OPPOSED.

Mr. Monroe introduced Christine Lund, Principal with Lund Consulting, Inc. He explained she was recently a Project Manager for the Department of Transportation and has personal interest in the arts and a tremendous background in successful project management and other facilitation.

Ms. Lund described her background including the creation of the King County Historic Preservation Program, overseeing the King County Cultural Resources Division, and then independent consulting and project management, most recently running the Governor's Blue Ribbon Panel on Transportation. She remarked she was very motivated by the short timeframe. She welcomed the opportunity to speak with Councilmembers one-on-one and making reports to the Council.

Council President Earling congratulated the PFD Board for hiring Ms. Lund, hoping this was an example of the quality of consultants the PFD could attract to the project. He commented he had an opportunity to work with her on the Governors Blue Ribbon Panel, and her ability to do strategic planning and consensus building were a rare gift.

8. MAYOR'S COMMENTS

Mayor Haakenson expressed his thanks to the Cemetery Board and Parks staff for doing a terrific job on the Memorial Day Celebration.

9. INDIVIDUAL COUNCIL REPORTS/UPDATES ON OUTSIDE COMMITTEE/BOARD MEETINGS

Council President Earling reported there would be a statewide transportation initiative on the ballot in November. Additionally, the Snohomish, King and Pierce County Councils were currently reviewing a regional transportation package. He indicated further information was available by contacting the Council office. After reviewing the materials, citizens could contact Snohomish County Councilmember Gary Nelson who was working to develop the project list.

Councilmember Wilson reported the Port has been conducting a search for an Executive Director to replace Bill Toskey who is retiring. He was hopeful there would be an announcement soon regarding the selection of a new Port Executive Director.

Councilmember Wilson noted although the Historic Preservation Commission had seven members, only six were voting members, which could result in a tie vote with no one able to break the tie. He suggested the City Attorney provide options for amending the composition of the Commission such as allowing the ex-officio member the ability to break a tie, or reducing or increasing the number of Commissioners.

Councilmember Dawson reported the SnoCom meeting was very brief but she anticipated a very lengthy budget meeting tomorrow.

Councilmember Plunkett welcomed Christine Lund and asked for her business card. He advised the first Historic Preservation Commission meeting will be June 13, 3rd floor of City Hall. He noted all meetings were open to the public.

10. EXECUTIVE SESSION REGARDING A REAL ESTATE MATTER

At 8:40 p.m., Mayor Haakenson recessed the Council to a 60-minute Executive Session regarding a real estate matter. He advised no action would be taken following the Executive Session and the Council would adjourn immediately following its conclusion.