

EDMONDS CITY COUNCIL APPROVED MINUTES

September 16, 2002

The Edmonds City Council meeting was called to order at 7:00 p.m. by Mayor Gary Haakenson in the Council Chambers, 250 5th Avenue North, Edmonds, followed by the flag salute.

ELECTED OFFICIALS PRESENT

Gary Haakenson, Mayor
Dave Earling, Council President
Jeff Wilson, Councilmember
Michael Plunkett, Councilmember
Lora Petso, Councilmember
Dave Orvis, Councilmember
Richard Marin, Councilmember
Deanna Dawson, Councilmember

STAFF PRESENT

David Stern, Chief of Police
Peggy Hetzler, Administrative Services Director
Rob Chave, Planning Manager
Dave Gebert, City Engineer
Kathleen Taylor, Planner
Scott Snyder, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

ALSO PRESENT

Brandy Grout, Student Representative

1. **APPROVAL OF AGENDA**

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER MARIN, TO ADD A 15 MINUTE EXECUTIVE SESSION REGARDING A REAL ESTATE MATTER AS AGENDA ITEM #12. MOTION CARRIED UNANIMOUSLY.

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

2. **CONSENT AGENDA ITEMS**

Councilmember Orvis requested Item G be removed from the Consent Agenda.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER DAWSON, 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 SEPTEMBER 10, 2002**

(C) **APPROVAL OF CLAIM CHECKS #57842 THROUGH #58003 FOR THE WEEK OF SEPTEMBER 9, 2002, IN THE AMOUNT OF \$926,203.35.**

(D) **ACKNOWLEDGE RECEIPT OF CLAIM FOR DAMAGES FROM DALE K. WILLIS (\$205.76)**

(E) **AUTHORIZATION FOR MAYOR TO SIGN PROFESSIONAL SERVICES AGREEMENT WITH R.W. BECK, INC. FOR ON-CALL STORMWATER ENGINEERING AND MANAGEMENT SERVICES**

- (F) **AUTHORIZATION FOR MAYOR TO SIGN INTERLOCAL AGREEMENT FOR SNOHOMISH REGIONAL DRUG TASK FORCE**

Item G: Right-of-Way Use Permit for Voice Stream Wireless

Councilmember Orvis indicated he pulled this item so that he could abstain from the vote for reasons related to his work.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCIL PRESIDENT EARLING, FOR APPROVAL OF ITEM G. MOTION CARRIED (6-0-1) COUNCILMEMBER ORVIS ABSTAINING. The item approved is as follows:

- (G) **RIGHT-OF-WAY USE PERMIT FOR VOICE STREAM WIRELESS**

ORDINANCE NO. 3418 GRANTING TO VOICE STREAM PCS III CORPORATION, A RIGHT-OF-WAY USE PERMIT, TO INSTALL, OPERATE, AND MAINTAIN A MONOPOLE WITHIN A CERTAIN DESIGNATED PUBLIC RIGHT-OF-WAY OF THE CITY OF EDMONDS, WASHINGTON, PRESCRIBING CERTAIN RIGHTS, DUTIES, TERMS AND CONDITIONS WITH RESPECT THERETO, AND ESTABLISHING AN EFFECTIVE DATE.

3. **INTRODUCTION OF NEW STUDENT REPRESENTATIVE FROM MEADOWDALE HIGH SCHOOL, BRANDY GROUT**

Council President Earling explained the Council has had a practice over the past several years of having a Student Representative on the Council and alternates the selection of a Student Representative between Meadowdale and Edmonds-Woodway High Schools. Council President Earling introduced the new Student Representative, Brandy Grout from Meadowdale High School. Ms. Grout commented she was honored to have been selected as the Student Representative and looked forward to learning more about how the Council works.

4. **PRESENTATION BY DAVID TOWNSEND OF THE TRAFFIC INTERSECTION AWARENESS FOUNDATION**

David Townsend, Traffic Intersection Awareness (TIA) Foundation, explained on March 28, 2002, two girls were hit in a marked crosswalk at NE 170th Street and 15th Avenue NE in Shoreline. He explained three lanes of traffic were stopped and the girls thought it was safe to cross. However, another car passed the four cars that were stopped and due to the speed at which the vehicle was traveling, was unable to stop and struck

the girls, Angelique Ambers and Tia Townsend. He described how Tia and her friends collected items for the victims of 9/11, noting that was typical of the type of person she was. Mr. Townsend explained his daughter, Tia Townsend, never recovered from her injuries; the donation of her organs benefited eight individuals.

Mr. Townsend explained the purpose of the TIA Foundation was to educate and inform school children, drivers, and the general public about traffic intersection risks and traffic safety issues as well as increase awareness regarding organ donation.

Mr. Townsend provided a video presentation of photographs of his daughter and another of the news footage following the accident. He explained the purpose of the video was to illustrate what he goes through as a result of the death of his daughter and to encourage the community to assist the City with developing safer streets. He cited statistics in Washington and the U.S. regarding traffic fatalities and injuries involving children. He pointed out the required stopping distance at 20 mph (19 feet) and 30 mph (43 feet), emphasizing the faster the speed, the longer the stopping distance. He encouraged the public to change their driving habits and to encourage others to do the same. Changes in driving habits he encouraged included stopping at yellow traffic lights, reducing vehicle speeds, and eliminating road rage. He sought volunteers to assist the Foundation in providing information to schools and gave the Foundation's website address, www.traffic-intersection-awareness.com. Mr. Townsend concluded his presentation, urging the public not to let the five minutes they saved getting somewhere be the last five minutes of someone's life.

Councilmember Orvis asked what improvements have been made at the intersection. Mr. Townsend explained a flashing overhead light had been installed at the crossing. He described funding he has assisted the City of Shoreline in obtaining to install a pavement lighting system.

Councilmember Plunkett encouraged Mr. Townsend to contact the City's engineering department and if the City was in need of information regarding funding sources for traffic safety improvements, they would contact him. Mr. Townsend suggested the City bring in a Traffic Safety Coordinator to work with the Engineering Department.

On behalf of the Council and the audience, Mayor Haakenson commented that Mr. Townsend's daughter, Tia, had a beautiful smile and he did a good job raising her. Mayor Haakenson noted everyone shared in Mr. Townsend's grief.

5. **PRESENTATION OF AWARD TO COUNCILMEMBER PLUNKETT BY TRAFFIC INTERSECTION AWARENESS FOUNDATION**

David Townsend, Traffic Intersection Awareness (TIA) Foundation, presented the Foundation's Citizen Achievement Award for September to Councilmember Plunkett in recognition of his outstanding effort raising pedestrian and traffic safety awareness in the community.

Councilmember Plunkett commented one of the best things about running for office was the ability to expand his knowledge and understanding of issues in Shoreline. He noted during his five years as a Councilmember, he has worked in cooperation with the mayor on safety improvements in several neighborhoods and has served on the Public Safety Committee for three years. He was honored by the recognition from the TIA Foundation and welcomed Mr. Townsend and his service to Edmonds. He noted the City has hired a Traffic Engineer specifically to concentrate on neighborhood and traffic calming in the City.

6. **CONTINUED CLOSED RECORD REVIEW OF THE PLANNING BOARD RECOMMENDATION TO APPROVE A CONTRACT REZONE FROM SINGLE FAMILY RESIDENTIAL (RS-6) TO COMMUNITY BUSINESS (BC). THE PURPOSE OF THE REZONE IS TO ALLOW FOR AN UNDERGROUND PARKING GARAGE AND MIXED-USE DEVELOPMENT ON THE WESTERN-MOST 15 FEET OF THE LOT. THE PROPERTY IS LOCATED AT THE VACANT LOT EAST OF 515 – 5TH AVENUE SOUTH. (Applicant: AD Shapiro Architects / File No. R-2002-101).**

Mayor Haakenson explained as this was a continued Closed Record Review, the Appearance of Fairness Doctrine was applicable. He asked whether any Councilmembers had any conflicts or ex parte contacts to disclose.

Councilmember Plunkett explained that during a conversation this afternoon with Carol Hahn regarding an issue unrelated to the Council, she brought up this subject and began to give her opinion. Councilmember Plunkett interrupted her, explaining he could not discuss the matter as it was quasi judicial.

There were no other conflicts or ex parte communications voiced by Councilmembers. Mayor Haakenson asked whether there were any challenges to Councilmember Plunkett's participation. There were no challenges voiced and Mayor Haakenson advised all Councilmembers would participate in the deliberation.

Planner Kathleen Taylor stated that a copy of the revised contract rezone (marked to show the changes) had been distributed to Councilmembers. She indicated that Rob Chave, Planning Manager, would respond to the concern that arose previously regarding "condo creep."

Planning Manager Rob Chave explained anytime transition and/or precedence was discussed, the particulars of the situation were important. In this instance, the issue was where the line between the zones was established. When discussing precedence, staff explained to the Planning Board that this proposal was a particular solution to a particular location, therefore in staff's view, did not create a precedence unless the same circumstances existed elsewhere. In this location, there was an undeveloped single family lot and the line could have been drawn on either side. The proposal attempted to address where the line should be drawn. Staff concluded this would not set a precedence for a future action.

Ms. Taylor added not only was this a unique situation but also created a permanent line for the boundary between the zones. She displayed a Zoning and Vicinity map, identifying the property and surrounding properties and streets. The property owner's proposal was for an underground parking garage, extending the limits of the property and having a mixed use building encroach into the property line 15 feet.

Ms. Taylor displayed a Floor Plan and Sections layout, identifying 5th Avenue S and Holly, the proposed encroachment area and the proposed open space area. She identified the boundary proposed in the contract which would provide 45 feet of permanent open space versus the 15 foot buffer required by Code between residential property and commercially zoned property. If the contract rezone was approved, a permanent boundary of 45 feet of open would be provided. She noted the permanent 45 foot buffer would make it difficult to argue that adjacent parcels be zoned commercial.

Ms. Taylor referred to the proposed revisions distributed to the Council tonight. She highlighted the items the applicant has responded to that were raised at the last meeting including building height. The applicant's proposal was to be allowed to calculate the height as allowed in the BC zone or calculate the height as allowed in the RS-6 zone, whichever was less. She next referred to the revisions to Section C, dedicated open space, which included verbiage to clarify what would be allowed in the open space area. She noted no vehicular access or vehicular parking would be allowed in the open space area and it would be predominantly a landscaped area, but allows for a use such as a gazebo or bench.

Ms. Taylor referred to concerns raised over the expiration of the contract, and the applicant's response to allow two years from the date the contract becomes effective to respond and submit building permits. She noted this was provided in #10 on the Page 3 of the contract. The contract also indicated the applicant shall not request or otherwise seek amendment to the agreement for a period of five years from the date it becomes effective. Ms. Taylor encouraged the Council to direct questions to the applicant as the contract rezone was proposed by the applicant.

Councilmember Petso referred to the Zoning and Vicinity map, noting the property at 533 5th was adjoined on the south and east by properties not in the same zoning classification. She inquired whether that property owner could request the same rezone. Ms. Taylor identified the boundary lines between the zones, noting the subject lot was the only vacant lot. The issue before the Council was a contract rezone specific to the property. She noted the house on 533 5th would no longer meet setbacks if rezoned and the majority of the property was single family residential. Further, it would be difficult to argue for a rezone as it was located on the opposite side of Holly Drive.

Responding to questions of Councilmember Petso, Mr. Snyder encouraged questions be directed to the applicant, commenting there was no information regarding sales data for the area in the record. Councilmember Petso noted if it became City policy to accept rezones, how would the Council say no to the next one. Mr. Snyder suggested that be discussed during Council deliberation. Ms. Taylor explained Mr. Chave responded to Councilmember Petso's concern in his earlier comments regarding what would be allowed in the future. Mr. Snyder commented that some issues were not for staff to advise but for the Council to determine based on the rezone criteria.

Councilmember Petso asked whether under the revised contract proposed by the applicant, the open space was publicly accessible or private property. Ms. Taylor answered it was listed in the contract as dedicated open space and she indicated the applicant could address that further.

Councilmember Orvis asked if a similar contract rezone were proposed, could this contract rezone be cited as precedence setting and what would the likelihood of a court approving the rezone on that basis. Mr. Snyder responded the courts defer a great deal to legislative bodies in rezones which are mixed quasi judicial and legislative functions. Absent a spot zone, the court would give a great deal of deference to where the Council drew the line. He noted the court's review was fact specific to each individual situation with regard to whether the rezone was in compliance with the Comprehensive Plan and met the rezone criteria. He noted there was nearly no consideration of precedence in the court's review unless it was how a line was drawn such as maintaining a logical boundary between zones in the same area.

Councilmember Plunkett expressed concern with policy and legislative questions voiced by the Council, noting this was a quasi judicial hearing. He stated what precedence this established did not appear to be something the Council could consider but rather the Council should consider whether the applicant met the standards for a rezone of this property. Mr. Snyder reiterated a rezone was a mixed quasi judicial and legislative matter. He noted the Council's function in applying the Comprehensive Plan was primarily legislative. The Council could change the Comprehensive Plan and fine tune the location of the boundaries on the individual facts of each situation.

Councilmember Wilson referred to the floor plan and sections layout that included cross sections of the property, asking what would be the basis for calculating heights. Ms. Taylor answered if the applicant used the method allowed by the BC Zone, it would depend on where the underground parking garage ended. If the maximum height were calculated on the RS-6 zone, and it was assumed the building was built to setbacks (20 feet from Holly Drive frontage, 15 feet in the rear and 5 foot side setbacks), the average of the four corners would be used to calculate the base height where a building could be 25 feet. She noted the BC zone would allow the building to be 30 feet in height from the average. She reiterated the applicant was requesting a building height that was the lesser of the two.

Councilmember Wilson asked whether there had been any analysis regarding what the estimated height could be under this proposal. Mr. Snyder explained staff did not negotiate the contract rezone with the applicant. They were offered by the applicant in an attempt to address the concerns expressed by the Council at the previous review. Councilmember Wilson clarified his interest was whether staff had formed a conclusion regarding what the height might be. Ms. Taylor noted the height calculation allowed in the single family zone would likely be the lesser of the two. Mr. Snyder explained the applicant offered that to address council concerns that there be no greater detriment to the abutting neighborhood than would occur under RS zoning.

Councilmember Wilson referred to #10, the effective date and the expiration date, noting the way the language was crafted, his interpretation was that the applicant could obtain a building permit and let it lapse

and be fully vested in perpetuity. Ms. Taylor commented building permits had expiration dates. Mr. Snyder agreed, pointing out the Council, staff or an individual citizen (other than the owner) could request a rezone of the property at any time.

Councilmember Dawson asked how the Council addressed that this was a totally different contract than the contract proposed at the initial hearing, stating there had never been an open record hearing on the proposed contract as revised. She noted that although tonight's hearing had been advertised, the neighbors had not been given an opportunity to comment on the revised contract. Mr. Snyder explained at the close of rebuttal at the previous review, he cautioned the applicant that if substantive changes were made, the Council may be required to remand the matter to the Planning Board. He stated the Council would need to find that the purpose of the amendments was to provide clarification regarding the Council concerns. He reiterated the contract rezone was not negotiated but offered by the applicant to address the Council's concerns. The parties of record would be allowed to address the revised contract rezone. He concluded the amended contract rezone would only be appropriate if the Council found its provisions were clarification and not substantive amendments.

Councilmember Dawson commented that her review indicated although there may be some items of clarification, others were new such as the addition of the expiration date. Although there were some parties of record present, she was concerned because an open record hearing had not been held on the revised contract rezone. She asked how this would be addressed if other Councilmembers shared her concern. Mr. Snyder responded the Council could remand the proposed contract rezone to the Planning Board if they believed it required further comment. Mayor Haakenson suggested the Council hear testimony from parties of record first before remanding to the Planning Board. Councilmember Dawson expressed concern there may be other neighbors who were not parties of record during the previous review but want to be parties of record on the revised proposal.

Applicant

Bob Greg, 16550 76th Avenue W, Edmonds, explained the contract rezone the Council considered previously was drafted by the applicant's architect based on samples provided by the City's Planning Department. During the last review, the Council identified several issues that were not addressed in the proposed contract rezone. He explained the applicant's real estate attorney has redrafted the contract rezone with the same intent but included clarification to address the Council's specific concerns. The revised contract rezone was provided to Mr. Snyder who suggested some clarifications which were incorporated in the revised contract rezone.

Mr. Greg explained the expiration date was added to address the Council's concern that the applicant could acquire the contract rezone and sell the property. He acknowledged that although that was not their intent, the previous contract did not preclude it. The purpose of a two year expiration was to provide the neighborhood and City assurance that they were moving forward as fast as possible as two years was barely enough time to address all appeals. The clause regarding no amendments was added in response to the City Attorney's suggestion that there be opportunities to amend the contract which was fairly standard. In response to concern with landscaping and grading, drawings were attached to the contract illustrating grading would be to the level of Holly Drive and to the level of the east property line.

In response to concerns raised regarding parking access, Mr. Greg explained there were no plans to access the parking structure from Holly Street nor would vehicles be allowed to park on the open space, therefore a provision prohibiting parking access and vehicle parking on the open space was added. Language was also added to clarify the open space size, 45 feet or greater. With regard to height, Mr. Greg displayed an elevation drawing, explaining they had been discussing with staff the possibility of incorporating the Hong Kong Restaurant property into the project, either by acquiring the property before building begins or at a later date. Their question to the City was what would be required for development on both parcels or a phased development. Staff indicated property could not later be added to a project that created a non-conforming building. Therefore, the building constructed now must comply with the current zoning as well as with the addition of the Hong Kong property. He explained if they later added the Hong Kong property, they could no longer use the point of the proposed project to calculate heights; points of the combined project would be used to calculate heights and if the height of the combined project were not met, the projects could not be combined via a phase 2. This would require development of the Hong Kong property on it's own with separate access ramps, elevators, etc. Therefore, they have continued to use points on Walnut, which are substantially lower than anywhere on the subject property, during their feasibility study.

Mr. Greg acknowledged that although staff was aware of their intentions, they did not translate well in the first contract. To provide the neighbors and Council confidence that the project would be developed with reasonable heights, rather than incorporate numerous height calculations, the calculation was proposed from a principle standpoint – a house can be built 25 feet in the current single family zone and a commercial building could be 30 feet in the BC zone. Their proposal was that when the final application was made, they propose to calculate the height as allowed in the BC zone or as allowed in the RS-6 zone, whichever was less. Further, the building would be nine times further back from the property line than a house would be, accommodating any concerns regarding views.

Mr. Greg summarized their belief that the revisions to the contract were all clarifications regarding concerns that were raised during the previous review. Mr. Greg began to address comments made tonight, specifically regarding precedence. Mr. Snyder explained this was the opportunity for the applicant to present the revised contract rezone. If the applicant was permitted to provide additional comment on other subjects, the Council would need to allow similar comment by other parties of record. Mayor Haakenson commented it appeared Mr. Greg's intent was to respond to a question raised by a Councilmember tonight.

With regard to precedence, Mr. Greg explained a contract rezone was related to a specific project on a specific property. The review process included review by staff, the Planning Board, and a recommendation from the Planning Board to the Council. He noted there was no reference in his presentation regarding precedence and questioned whether others would cite this project as setting a precedence. He requested this contract rezone be analyzed on its own merits.

With regard to a comment at the last review regarding an additional nine parking spaces, Mr. Greg referred to the number on the contract rezone parcel versus the number in the entire project. If the property were developed without the rezone, there would be substantially fewer parking spaces. He referred to a similar development nearby with 32 stalls, noting their proposal had 45 stalls.

Councilmember Petso asked whether the open space was privately owned property. Mr. Greg answered yes, with the parking garage beneath. The City would not accept dedication of the land or the air space above due to the liability.

Parties of Record

Bob Driscoll, 514 Holly Drive, Edmonds, asked whether he could provide his time to a person reading a consensus statement. Mayor Haakenson answered that would be discussed when that person came to speak. Mr. Driscoll pointed out the Comprehensive Plan stated the City will not encroach eastward into residential. However, the proposed project will encroach 15 feet into the residential zoning. Mr. Snyder cautioned comments tonight were limited to the proposed contract rezone. Mr. Driscoll advised Linda Lightfoot would read the statement.

Mayor Haakenson asked who the statement represented. **Linda Lightfoot, 504 Holly Drive, Edmonds**, answered she did not have the specific names of the individuals, but Mr. Driscoll had a list of neighbors who were opposed to the contract rezone and she represented those people. Mayor Haakenson cautioned only the parties of record were allowed to speak. Ms. Lightfoot advised she represented the parties of record. She commended the Council and their predecessors for the vision and stewardship in maintaining the quality of life and small town atmosphere in downtown Edmonds, noting the positive and proactive decisions and community support sustained the values that draw people to the bowl to live as well as businesses and tourists. She noted the Comprehensive Plan depicted what was and was not allowed in the Edmonds area and sets forth the future direction for each area. Residents placed a great deal of faith in the Council and Mayor to uphold the concepts in the Comprehensive Plan and not allow select financial gain of a few to overshadow the values, lifestyle, and expectations of the many residents.

Ms. Lightfoot noted there were numerous valid reasons for the Council to reject the proposed rezone such as: 1) The proposed contract rezone was drafted with errors, contradictions and ambiguities that created confusion in future interpretation by others including the definition of "property." This term appears to be defined in the first WHEREAS paragraph as including both parcel A and B but in the third WHEREAS, the document refers to Parcel A and the property. 2) Building height restrictions in Paragraph 1A on page 2. whether the document referred to a time prior to the hoped for approval to BC or after. 3) Paragraph 1C – dedicated open space – states the western edge of the open space will be 45 feet or more from the east property boundary line of Parcel B. However, paragraph 4 – dedicated open space – states the owner will permit and maintain 45 feet or more of open space between the building and the single family residents to the east. She noted there was a difference between the property boundary and the residents.

Ms. Lightfoot summarized the contract rezone agreement was still vague and unspecific and did not adequately describe the appearance of open space. She questioned what would be gained via the rezone that could not be accomplished without the rezone. Due to the vagueness and ambiguity of the proposed contract rezone, she recommended the Council deny the proposed contract rezone.

Applicant Rebuttal

Mr. Greg agreed with the comments regarding ambiance and quality of life in Edmonds, questioning that an automotive repair facility would be attracting the quality of life that the proposed development would worsen. He disagreed with the comments regarding the proposed contract, explaining two attorneys including their attorney and the City Attorney reviewed the language. The applicant was genuine in their attempt to bind themselves with generous development conditions for the City and the neighborhood. Regarding who benefits, he stated the neighborhood benefits from the elimination of three driveways on Holly Avenue, from a known height at or below the height of the existing zoning but substantially further away. The neighborhood and City benefit from the clean-up of a lot that has been used for automotive repair for 25+ years. He noted the environmental phase 1 review on the property indicates substantial clean up will be necessary due to oil, anti-freeze, and air conditioning fluids. The cost to determine the clean up was over \$20,000. He concluded the City, the neighborhood, and he would all benefit via the proposed contract rezone.

Councilmember Petso recalled one of the speakers noted a contradiction between the description of open space in paragraphs 3 and 4 and asked which definition the Council should use. Mr. Greg answered the one that was most generous to the City and the neighborhood. He explained the intent was to provide 45 feet or more from the property line. Mr. Snyder noted paragraph 4 refers to “as detailed above,” referring to the more explicit definition in paragraph 1C.

Councilmember Dawson asked where in the record the information regarding the environmental clean up was located. If that information was not contained in the record, she asked that the Council not consider Mr. Greg’s comments regarding the environmental clean-up. Mr. Greg advised he was responding to a question. Councilmember Dawson asked again if there was any information in the record. Mr. Snyder referred to the Environmental Checklist (page 25 of the record) which contained some reference to environmental issues although there was not a description of soil contamination. Councilmember Dawson requested the information regarding the costs associated with the clean-up not be considered by the Council. She reiterated this was a new contract and she felt it was unfair to the neighbors that they were not provided more time to respond. She noted there may be others in the community who would like to participate if the matter was reopened. Mayor Haakenson cautioned Councilmember Dawson her comments were deliberation rather than questions. Councilmember Dawson responded she was objecting to the format of the closed record review when there was a new contract rezone and the applicant was being allowed to provide testimony not in the record, however, the parties who were opposed were not given more opportunity to speak. She concluded the review was not necessarily being held in a fair manner.

Ms. Taylor referred the Council to the Planning Board deliberation and verbatim minutes, stating that the members of the public who attended the Planning Board meeting, the majority were in support of the project or were neutral. She noted the Planning Board recommended approval of the proposed contract rezone.

Councilmember Plunkett inquired about the comment regarding the statement in the Comprehensive Plan that there be no eastward movement. Ms. Taylor explained the Zoning and Vicinity map defined the zoning boundaries within the City. She explained the Comprehensive Plan boundaries were similar but did not have parcel specific boundaries and thus were subject to interpretation and allowed for contract rezones to be

proposed. She noted the Comprehensive Plan boundary between the BC zone and the residential zone was in this area.

Councilmember Plunkett recalled the Comprehensive Plan used a bubble concept for designating boundaries on the Comprehensive Plan, and it was therefore Council policy not to have hard boundary lines. Ms. Taylor explained the adopted Comprehensive Plan map was an 11 x 17 map of the City, developed with the bubble concept to allow for some interpretation. Councilmember Plunkett asked if that was why staff's response to whether the contract rezone was consistent with the Comprehensive Plan was that it was consistent. Ms. Taylor agreed.

Councilmember Plunkett observed staff indicated the subject lot was located within the Downtown Activity Center, not because of a hard line but because of the bubble line. Ms. Taylor explained the Downtown Activity Center boundaries were fairly hard and extended beyond this location. Councilmember Plunkett observed the subject lot was within a hard line designating the Downtown Activity Center. He noted this lot had a residential home on it, but like others, it was within an area designated as the Downtown Activity Center which would suggest that a home could become something else. Ms. Taylor agreed, noting if that were not the case, staff would require a Comprehensive Plan amendment along with the proposed rezone.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER MARIN, TO EXTEND THIS ITEM FOR 30 MINUTES. MOTION CARRIED UNANIMOUSLY.

Councilmember Petso referred to the comment made by a resident about the Comprehensive Plan policy regarding extending the downtown westward and extending it to the shoreline which is in the Downtown Waterfront Plan. She pointed out the proposal represents an extension to the east. Ms. Taylor noted there were many policies in the City's Comprehensive Plan that were applicable to the Downtown Activity Center which were cited in staff's presentation to the Planning Board. It was staff's goal to consider all policies and determine how a project met all the goals as well as the Comprehensive Plan designation.

Councilmember Plunkett asked if staff would agree with the resident that this was an extension to the east rather than to the west. Ms. Taylor agreed that could be an argument.

Councilmember Dawson inquired about the current zoning of the property. Ms. Taylor answered the property was currently zoned RS-6, single family residential.

Councilmember Orvis asked for guidance regarding a determination of fact whether there had been a substantial change in the proposal. Mr. Snyder answered this was for the Council to determine, whether the changes proposed to the contract rezone were clarification or substantive changes. He noted the Council could remand the matter to the Planning Board if it was believed the changes were substantive.

Councilmember Wilson clarified the Council had two actions if the Council did not agree with the language in the contract, remand to the Planning Board or deny the contract rezone as the Council was not permitted to modify the proposed contract rezone. Mr. Snyder explained the contract rezone limited the uses that would be available in the zone. It allowed the Council to make its standard rezone determinations based on the zoning as limited. He suggested the Council determine whether the changes were substantive; if the Council determined they were major changes, the Council could remand to the Planning Board. If the Council found that regardless of whether the changes were substantive or not, they could find that the contract rezone did not meet the criteria. He summarized the Council could approve, remand or deny the proposed contract rezone. If the Council determined the changes were not substantive, the Council then needed to determine whether the proposal met the rezone criteria.

Councilmember Wilson noted that because it was a contract rezone, the Council must accept the proposed language and if the Council did not agree with the proposed language, the options were to deny or remand. Mr. Snyder agreed. He noted staff's dealings with the applicant have been only to suggest matters for clarification but not to propose or limit the contract rezone.

Councilmember Petso recalled comments made by the public regarding ambiguities in the contract such as the use of "property" and parcel B. She asked whether this was a substantive change requiring the matter to be remanded to the Planning Board or if it was not a substantive change, merely requiring clarification. Mr. Snyder noted the matter could be continued again to allow further clarification, the Council could remand to the Planning Board on that basis, or find that due to the ambiguity, the contract failed to properly limit the uses in the zone and therefore did not meet the rezone criteria.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER DAWSON, TO REMAND THE MATTER TO THE PLANNING BOARD.

Councilmember Dawson noted there had been substantive changes to the contract rezone but she would vote against the proposed contract rezone because she was unable to find substantial public benefit. She was also concerned about encroaching into the single family zone. She would support remand if that were the only option for allowing the public to provide input. She agreed the contract was vague and said there were other issues in the contract that were unclear such as the applicant will provide open space measuring the entire north-south of Parcel B, noting if it was the entire north-south, why not the whole thing – it was part of east-west but all of the north-south. She noted that as long as there was a 15 foot encroachment into the neighborhood, she would not support the contract rezone. She noted remand would likely result in the same contract and she was not satisfied with that contract.

Mayor Haakenson asked if the Council remanded the contract rezone to the Planning Board, would it continue to be a closed record review and audience comments limited to parties of record or whether additional members of the public could testify. Mr. Snyder advised the record would be reopened.

Councilmember Dawson noted she did not want to remand to the Planning Board if they would be reviewing the contract rezone as proposed. Mr. Snyder reiterated the City could not negotiate the contract rezone; it would be the applicant's responsibility to propose changes to the contract rezone that addressed the Council's concerns.

Councilmember Petso noted that remanding the matter to the Planning Board would give the public an opportunity to express their concerns and give the applicant an opportunity to address the public's as well as Councilmember Dawson's concerns and undoubtedly result in a less ambiguous contract.

Councilmember Orvis asked if the Council's decision were challenged in court when would that occur. Mr. Snyder answered it would depend on the basis of the challenge. If the applicant felt his procedural or constitutional rights had been violated, they could bring a Land Use Petition Action (LUPA) immediately following the Council's decision. If it were a factual challenge, the process would continue. Councilmember Orvis asked how long a procedural challenge would take in the court. Mr. Snyder answered 60-75 days.

UPON ROLL CALL, MOTION FAILED (3-4), COUNCILMEMBERS PETSO, DAWSON, AND ORVIS IN FAVOR, AND COUNCIL PRESIDENT EARLING, AND COUNCILMEMBERS PLUNKETT, WILSON, AND MARIN OPPOSED.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER DAWSON, TO DENY THE CONTRACT REZONE.

Councilmember Petso commented the rezone criteria allowed the Council to evaluate compliance with the Comprehensive Plan and the relative gain to the public safety, health and welfare versus the potential increase in value to the property owner. She noted there were potentially, via the bubble diagram Comprehensive Plan map, some aspects that one could argue the contract rezone complied with such as the map. However, the proposed contract rezone did not comply with preserving the small town character of Edmonds and did not comply with Comprehensive Plan policies for commercial areas not to encroach into the single family zone. With regard to the relative gain to the property owner versus the relative gain to the public, she estimated the gain to the property owner to be millions of dollars from 5,400 square feet of extra condominium space at a minimum that would be provided by the rezone via the encroachment into the setback area and into the residential zone. Further, there would be an additional increase in property value should the Hong Kong Restaurant property be added. She referred to the benefits to the public that were cited such as minimize auto traffic from additional residences downtown; she disagreed, noting more residences downtown would increase traffic. She pointed out the project would result in the loss of a downtown single family residence, a unique commodity in Edmonds in exchange for more condominiums which are not a unique commodity.

Councilmember Petso stated another benefit that was cited was providing additional parking; however, she noted it was clear from tonight's presentation that the additional underground parking would likely be used to allow additional residential units on the Hong Kong Restaurant property if it were acquired. She summarized that in exchange for the millions the applicant would realize, the adjoining single family residential development gained nothing except a large BC building that was 30 feet closer to the existing housing than if the contract rezone were denied. She urged the Council to deny the contract rezone on this basis. She pointed out the record indicated the Planning Board did not discuss compliance with the Comprehensive Plan or relative gain to the public safety, health and welfare. She preferred to remand the proposed contract rezone to the Planning Board to allow them to discuss those items.

Councilmember Orvis indicated he would vote against the proposed motion. He supported remanding the proposed contract rezone due to concern with legal issues and to provide the public another opportunity to provide input. Overall, based on the facts in the record, he would rather approve the proposal than deny it. Regarding the value, he noted the proposed project would eliminate surface parking via the new garage, add open space, and eliminate the existing house which had far greater view deterrent than the proposed building.

Councilmember Dawson expressed her support for the motion. She was concerned with the notion that eliminating a single family house in downtown was a betterment, noting this went against preserving the small town feel and preserving what made downtown Edmonds unique. She stated this was in opposition to the Comprehensive Plan goal of preserving a small town atmosphere and not changing the height didn't mean it wouldn't be detrimental to the small town atmosphere. She was troubled by expanding the BC zone eastward even 15 feet because she felt it was not consistent with the Comprehensive Plan. The revised contract rezone did clarify some issues but there were still a number of questions and ambiguities in the contract. She was concerned with approving the proposed contract rezone when the public had not had an opportunity to address the new contract which contained not only clarifications but also new items such as the addition of the expiration date.

Councilmember Wilson spoke in opposition to the proposed motion, pointing out the need for the Council to have their facts straight. He noted part of the testimony offered in support of the motion was that the proposed contract rezone eliminated a single family residence, which he noted was untrue; the property was vacant and a single family residence would not be eliminated. He pointed out there was no information in the record to support the assertion that the gain to the property owner would be millions. The Council's responsibility was to consider the criteria. The boundaries in the Comprehensive Plan were a conscious choice made by the Council many years ago when the Comprehensive Plan was adopted. The Comprehensive Plan did not indicate the commercial zone could not encroach 1 foot or 15 feet into the residential area, only that as a policy base the commercial zone should not encroach into the residential area. Further, he noted the Comprehensive Plan did not state that expansion of the commercial area could only be to the west; that was a policy statement only. He summarized some of the basis cited in support for denying the contract rezone was in error.

Councilmember Petso pointed out the contract rezone eliminated the potential for a single family if the contract rezone was approved. With regard to the value to the applicant, she said the record states the building will extend 15 feet into the setback area and an additional 15 feet into the RS zone for a total of 30

feet. Multiplying that by the length of the building provided 5,400 square feet on the second and third floor of the building, she concluded the “millions” in gain to the property owner. She noted the Council was allowed to take judicial notice of the value of downtown condominium space in Edmonds or could rely on their instincts in determining whether that was more or less than the gain to the public.

MOTION FAILED (2-5), COUNCILMEMBERS PETSO AND DAWSON IN FAVOR, AND COUNCIL PRESIDENT EARLING, AND COUNCILMEMBERS PLUNKETT, WILSON, ORVIS AND MARIN OPPOSED.

COUNCILMEMBER ORVIS MOVED, SECONDED BY COUNCILMEMBER MARIN, FOR APPROVAL OF THE CONTRACT REZONE.

Councilmember Petso asked Councilmember Orvis to repeat the benefits to the public. Councilmember Orvis answered he had already stated them.

MOTION CARRIED (5-2), COUNCIL PRESIDENT EARLING, AND COUNCILMEMBERS PLUNKETT, ORVIS, WILSON, AND MARIN IN FAVOR, AND COUNCILMEMBERS PETSO AND DAWSON OPPOSED.

Mayor Haakenson declared a brief recess.

7. **PUBLIC HEARING ON INTERIM ZONING ORDINANCE NO. 3415 AMENDING CHAPTER 20.60 OF THE EDMOND COMMUNITY DEVELOPMENT CODE (ECDC), ADOPTING A NEW DEFINITION AND REGULATION FOR CONSTRUCTION SIGNS.**

Planning Manager Rob Chave explained this was a public hearing on an interim zoning ordinance that the Council adopted August 6, 2002. At that time, it was brought to the Council’s attention that a former provision in the ECDC that allowed for construction signs while construction activity occurred on the property was inadvertently omitted when the design code was revised several years ago. It had come to staff’s attention that without that provision, all construction signs would be illegal. For that reason, the Council adopted an interim ordinance and referred the matter to the Planning Board. He noted a public hearing was required anytime the Council adopted an interim ordinance.

Mr. Chave advised the Planning Board completed its review and expressed their support for the interim ordinance with one change, limiting construction signs in RS zones to a total of 16 square feet rather than 32 square feet permitted in other zones. An exception would be that a 32 square foot sign would be allowed for projects consisting of four or more homes rather than individual signs on each property.

Councilmember Orvis asked whether the Planning Board's recommendations had been incorporated into the ordinance. Mr. Chave explained Exhibit 1 was the interim ordinance adopted by the Council previously. When the Planning Board reviewed the interim ordinance, they recommended revisions to the ordinance as shown in Exhibit 4.

Councilmember Plunkett asked whether the Planning Board discussed limitations on the duration of the signs. Mr. Chave answered only to the extent it was reflected in the minutes; staff explained the issue to the Planning Board and they were comfortable with the restrictions. Councilmember Petso noted there was no discussion regarding the duration of the signs. Mr. Chave answered the duration of the signs was addressed in the interim ordinance and in the Planning Board's recommendation by tying it to the underlying building permits or construction activity.

Councilmember Petso inquired about the duration of a building permit. Mr. Chave answered a building permit was issued for a year and could be renewed.

Councilmember Petso asked how many signs the ordinance allowed. She noted a project in the Westgate area had a sign for the contractor, a sign advertising space for lease, a sign for Bartells, etc. Mr. Chave answered under the proposed language, the different signs would have to be combined into one sign. Councilmember Petso inquired about the number of signs allowed for a corner property. Mr. Chave answered a sign was allowed for each frontage.

Councilmember Dawson noted the agenda indicated this was a public hearing on an interim zoning ordinance. She asked whether the Council was being asked to approve an ordinance tonight. Mr. Chave advised this was a public hearing on the interim ordinance. The Planning Board happened to have finished its review and forwarded their recommendation. Mr. Snyder agreed this was a public hearing on the interim zoning ordinance. The Council did not need to take action as the interim zoning ordinance would expire in six months. However, the City would need to re-advertise and hold a public hearing prior to adopting the Planning Board's recommendation. Mr. Chave noted the Planning Board had not completed their review in time to advertise for this public hearing. The Council could give direction regarding scheduling a public hearing on the ordinance recommended by the Planning Board.

Councilmember Orvis clarified the recommendation was that a single family could have a 16 foot construction sign as well as a 6 square foot real estate sign. Mr. Snyder agreed.

Mayor Haakenson opened the public participation portion of the public hearing. There were no members of the audience present who wished to provide testimony. Mayor Haakenson closed the public participation portion of the public hearing and remanded to Council for action.

Councilmember Orvis supported the Planning Board's version of the ordinance. He questioned whether all lots were being treated the same, particularly in residential zones. He noted the sign allowed for a single family residence was a total of 10 square feet. The Planning Board's recommendation was 32 square feet for four lots or more; four lots x 10 square feet equates to 40 feet which was less than the Planning Board's recommendation, but a reasonable restriction. He questioned why an empty lot received six extra square feet than other lots but he noted there were few vacant lots in the City.

Council President Earling scheduled a public hearing on the ordinance for October 15.

8. AUDIENCE COMMENTS

Roger Hertrich, 1020 Puget Drive, Edmonds, referred to the Edmonds Alliance for Economic Development, noting they were pursuing their efforts to convince the City of the need for higher building heights, reduced parking requirements, and doubled density in downtown via a presentation they made to the Community Services Committee and their plans to return with further information to address questions raised. Mr. Hertrich objected because the contract referred to during the Council's discussion with Mr. Peterson indicated the contract took precedence over the old work program, however, what was presented to the Community Services Committee was part of the original work program. Mr. Hertrich noted economic development in Edmonds would not depend on adding two stories of condominiums on every business but would depend on what the PFD was doing. The Alliance's proposal for higher heights, doubling the density and reducing parking would change the character of the downtown but the Alliance did not address the loss of light, impact of overhangs, or the type of businesses that would exist in Edmonds. The 10% increase in revenue to the City cited by the Alliance would likely be from property taxes rather than sales tax. He urged the Council to stop the Alliance and tell them what the Council did not want.

Council President Earling recalled speaking with Mr. Hertrich following the Community Services Committee meeting regarding whether the Alliance's presentation was considered lobbying. Council President Earling indicated his understanding was that because the Committee meeting was advertised as a public meeting, it was different than lobbying individual Councilmembers. Mr. Snyder explained the contract stipulates the Alliance is not to use the City's money to lobby the City Council or its organizations. He noted the Alliance does receive other contributions/sources of income and could use those to express other viewpoints.

Ray Martin, 18704 94th Avenue W, Edmonds, recalled former Councilmember Bill Kasper (in the audience) was a fine Councilmember but was always wrong on one issue, support for greater density and higher building heights. With regard to PRD's, he emphasized the importance of neighborhood characteristics which was not included in the new ordinance although it had been in the previous ordinance. He recalled Mr. Chave indicated that could not be a criteria because it could not be defined. Mr. Martin disagreed, noting it had been defined for over 20 years and worked very well. Next, Mr. Martin rated a recent Planning Board meeting on a scale of 1-20 as a 1. Mr. Martin was offended by a comment made by the Planning Board Chair that one of the members of the City Council was a meddler. In Mr. Martin's opinion, the Planning Board Chair was an obstructionist and the Planning Board was not making progress on the PRD ordinance as there was not good interaction between members, identifying issues, etc. Mr. Martin commented on Planning Board Member Crim's outburst to a citizen where he indicated his displeasure with

the man's presence. He summarized the Planning Board has a hostile, negative attitude. He suggested when the issue of the PRD arose again that Mr. Snyder comment on the amount the City has spent on PRD litigation in 2001 and 2002.

Mayor Haakenson commented at the beginning of the continued closed record review on the property at 515 5th Avenue S, he failed to identify the public comments made during "Audience Comments" following the continuation of the closed record review in August. Mr. Snyder noted that because the hearing had been closed, he would refer to the comments in the Findings along with the comments made by Councilmember Dawson, as matters that were brought up but not considered in reaching a decision.

Regarding whether the Alliance was lobbying the Council or not, Mayor Haakenson's understanding was that the City was paying the Alliance and the Alliance was making suggestions to the Council; was that considered lobbying? Mr. Snyder explained the contract provided for the provision of neutral economic analysis; that may have been what was provided to the Community Services Committee. He indicated he would need to review the minutes of the Community Services Committee meeting before responding to Council President Earling's inquiry to determine if the Alliance was lobbying and arguing for a specific position, versus analyzing the economics of a line of reasoning.

Councilmember Petso explained what occurred at the Community Services Committee meeting was an analysis of how much City revenue could be increased if the parking requirements were reduced and buildings were allowed to be 45 feet in height. She questioned whether that was economic analysis geared toward legislative changes and therefore lobbying or was it neutral economic analysis and therefore appropriate. Mr. Snyder answered these were not legal questions but were primarily political. If the Council did not want the Alliance to do that, he suggested they change the contract. He offered to review the minutes and provide his opinion regarding whether their presentation represented lobbying. He said the problem with revising the contract was that by the time the Council reviewed the contract, the work plan had been approved previously including those elements and much of the work had already been done. A decision was made to prohibit lobbying for a specific change. He noted the Council had previously approved economic analysis which was a primary part of the Alliance's work plan.

Councilmember Petso requested Mr. Snyder also obtain a copy of the slides presented by Mr. Mar so that the Council would have guidance in the future regarding what constituted lobbying.

Councilmember Plunkett urged the Council and public to keep in mind that the Alliance was completing their work plan and had one more presentation to make before completing their work plan for the economic analysis. The Alliance will then develop a new work plan and the Council will have an opportunity to review and determine whether to fund the Alliance.

Community Services/Development Services Committee

Councilmember Marin first reported on the September 3 meeting where Mr. Peterson made a presentation regarding the Alliance's analysis. Councilmember Marin noted when one was trying to sell something, one tells the person what you want them to do which was missing from the Alliance's presentation. The Committee agreed there were a number of questions that the Alliance should be given an opportunity to answer. Councilmember Marin commented he did not consider the Alliance's argument at all convincing and did not consider it to be lobbying.

At the Committee's September 10 meeting, staff briefed them on the State Building Code Council's recent adoption of the 2000 edition of the Uniform Plumbing Code. The City can decide which sections of the Code should be made more restrictive than the State adopted code to address specific City issues. The Committee asked that the recommendation for adoption of the 2000 Uniform Plumbing Code be placed on a future Consent Agenda. Next, the Committee considered Planning Board term limits and asked staff to draft an ordinance eliminating the section of the code regarding term limits for Planning Board members and place the draft ordinance on the City Council agenda for discussion. The Committee then discussed the Office of Financial Management Population Count for 2002 and discrepancies in their calculation versus the City's calculation. As it is too late to challenge the projections for this year, staff will monitor the projection in 2003 and give consideration to a challenge at that time. A brief discussion regarding the extended agenda for the October 8 Committee meeting followed.

Public Safety Committee

Councilmember Petso reported the Committee reviewed the Interlocal Agreement between the City and the Snohomish Regional Drug Task Force. The Committee recommended the Interlocal agreement be placed on the Consent Agenda and it was approved on tonight's Consent Agenda.

Finance Committee

Councilmember Orvis reported the Committee discussed the preliminary 2003 budget including several long range scenarios and preliminary baselines with possible reductions. He referred to Attachment 2, a list of potential revenue sources.

Councilmember Petso commented there was one potential revenue source that she would seek Mr. Snyder's guidance on whether she should excuse herself from the discussing that source.

Responding to Mayor Haakenson, Councilmember Dawson commented there were a lot of things that would be unpleasant in the 2003 budget in terms of cuts and potential revenue sources. She commented the City needed to do something because if approximately \$1 million in new revenues and \$1 million in new cuts were not identified, the City budget would be in bankruptcy by next year.

10. MAYOR'S COMMENTS

Mayor Haakenson announced the Snohomish County Human Services Department Division of Long Term Care and Aging was seeking members for the Snohomish County Council on Aging. The Board was a 30 member advisory Board who advised the Division on Long Term Care and Aging and the Human Services Department as well as the Snohomish County Executive on issues facing older persons and younger persons with disabilities. He encouraged any members of the public who were interested to contact his office for an application. The deadline for applications is Monday, September 23.

11. COUNCIL COMMENTS

Council President Earling referred to the memorandum regarding the General Fund budget, noting he requested this be prepared and distributed to the Council now so that they were aware of the challenges the City was facing in the budget process. He encouraged the Council to read the information. He advised Councilmember Dawson was the Council's representative on the Budget Committee.

Councilmember Petso advised the Lodging Tax Advisory Committee was working on budget recommendations for 2003. Due to the considerable amount given to FACE and the PFD, and the fact that revenues were down due to the effect 9/11 had on tourism, there was not a lot of money to be had but she encouraged anyone who wished to submit a request to contact the Mayor's office for an application and to submit applications by October 4.

Councilmember Dawson thanked the League of Women Voters and the Association of University Women for the candidate forum held on September 12. For anyone interested in learning more about candidates for the Supreme Court or the Prosecutor's Office, she is the Chair of the Washington Lawyer's Judicial Evaluation Committee who will be hosting a candidate forum at the Howard Johnson Hotel in Everett on October 3 at 5:30 p.m.

Councilmember Marin reported on a meeting he attended at City Hall, Communities that Care, a collaboration of communities and organizations in South County to identify risks to youth and marshal protective measures for youth. He noted 20 years ago there was little scientific research to verify the value of the programs established to eliminate risk and put protections in place. In 1997, Communities that Care created a listing of 4,000 different programs that attempted to address these issues and via scientific research, determined that 40 worked. That number has increased to nearly 100 viable programs. He noted Edmonds was a key player in this program and he commended Assistant Parks & Recreation Director Brian McIntosh for his involvement in this program.

Regarding the 2003 budget, Mayor Haakenson explained the City was now facing the consequences of drastically reduced revenues due to the passage of several initiatives over the last few years. He pointed out the property tax increase allowed by law was 1% or a total of \$75,000 per year which he noted did not pay for a police officer or a firefighter. He indicated staff has been asked to present a budget cut of 5% across the board and even that did not balance the budget. Therefore, Council has been asked to consider the few opportunities for additional revenues that exist. He noted that if all the revenues were added to the budget at approximately \$1 million and the 5% budget cuts at \$1 million were implemented, the City would have a balanced budget. He emphasized the Council would not necessarily accept all potential revenues sources or accept the suggested budget cuts. He explained that without any new revenues, the City needed to cut the \$25 million General Fund budget by approximately 10% or \$2.5 million to balance the City's budget in five years. He noted that while new revenue sources may be unpleasant, cutting the budget \$2.5 million was also unpleasant as it equated to the loss of approximately 25 employees.

12. EXECUTIVE SESSION

At 9:54 p.m., Mayor Haakenson recessed the Council to a 15 minute Executive Session regarding a real estate matter. He advised no action would be taken and the Council would adjourn immediately following the Executive Session.