

EDMONDS CITY COUNCIL APPROVED MINUTES

October 29, 2002

The Edmonds City Council meeting was called to order at 7:02 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

ALSO PRESENT

Brandy Grout, Student Representative

STAFF PRESENT

Tom Tomberg, Fire Chief

David Stern, Chief of Police

Duane Bowman, Development Serv. Director

Stephen Clifton, Community Services Director

Peggy Hetzler, Administrative Services Director

Arvilla Ohlde, Parks and Recreation Director

Noel Miller, Public Works Director

Brent Hunter, Human Resources Director

Rob Chave, Planning Manager

Dave Gebert, City Engineer

Steve Bullock, Senior Planner

Scott Snyder, City Attorney

Sandy Chase, City Clerk

Jana Spellman, Senior Executive Council Asst.

Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER MARIN, TO ADD A “20 MINUTE EXECUTIVE SESSION REGARDING A REAL ESTATE MATTER” TO THE AGENDA AS ITEM 3 AND MOVE AGENDA ITEM 3 TO ITEM 3A.

Councilmember Petso suggested scheduling the Executive Session after items on the agenda that the members of the public were present to hear. Council President Earling explained the City Attorney could be excused following the Executive Session, thereby avoiding payment for his services during the remainder of the meeting.

MOTION CARRIED UNANIMOUSLY.

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

2. CONSENT AGENDA ITEMS

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

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER WILSON, 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 OCTOBER 22, 2002.

(C) APPROVAL OF CLAIM CHECKS #58683 THROUGH #58847 FOR THE WEEK OF OCTOBER 21, 2002, IN THE AMOUNT OF \$279,313.92.

(D) ACKNOWLEDGE RECEIPT OF CLAIM FOR DAMAGES FROM PAUL QUAM AND CYNTHIA QUAM-PATTERSON (\$141.53) AND THOMAS STEDMAN (\$87.35).

Item E: Approval of Findings of Fact for a Closed Record Review held on October 15, 2002 on the Hearing Examiner's recommendation to approve the application for a six-unit multi-family Planned Residential Development (PRD) and subdivision. The site is located at 614 Bell Street and is zoned Multi-Family Residential (RM-1.5). (Applicant: Garbe/Weller Construction. File Nos. PRD-2002-102 and PRD-2002-103)

Councilmember Petso observed the Findings of Fact state there was no evidence in the record indicating the proposal did not satisfy the 10% open space requirement. She questioned whether the application must have evidence indicating the requirement was satisfied. City Attorney Scott Snyder recalled that although the actual calculation was not in the record, the basis for the mathematical calculation was in the record. Further, there was nothing in the record to indicate that requirement had not been met. He explained the intent in the Findings was to indicate the Council was relying on staff's calculation that the 10% open space was provided.

Councilmember Petso asked whether it was the applicant's burden to demonstrate that a requirement of the ordinance had been met. Mr. Snyder clarified that by providing surveys by a registered land surveyor and the materials necessary to make that calculation, the application demonstrates the requirement was met. Councilmember Petso pointed out the calculation was not in the record. Mr. Snyder clarified there needed to be sufficient facts in the records to make the calculation; the basis was contained in the record and, although the calculation itself was not in the record, staff has indicated they made that calculation and the 10% open space requirement was met. He acknowledged that although no mathematical formula or square footage was provided, there was sufficient basis to make that calculation.

Mr. Snyder assured the findings were based on the vote of the Council. Councilmember Petso questioned whether the vote of the Council was legal in that the record showed "2,000 something" square feet of open space but did not show that the open space met the requirements of the ordinance. Mr. Snyder explained the record must contain substantial and competent evidence to support the decision. It was his opinion that the record contained substantial and competent evidence to support the Council's decision. He reiterated the basis for the calculation was in the record and it was his opinion that the applicant met the burden of proof by providing that.

Councilmember Petso indicated she would vote against approval of the Findings of Fact due to her concern that the applicant did not show they met the requirements of the ordinance and her concern that regardless of the square footage provided, the 6-foot walkway between 30-foot buildings was not usable open space, and, in fact, was not open space once it was paved for sidewalks.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER ORVIS, FOR APPROVAL OF ITEM E. MOTION CARRIED (5-2), COUNCILMEMBERS PETSO AND DAWSON OPPOSED. The agenda item approved is as follows:

- (E) APPROVAL OF FINDINGS OF FACT FOR A CLOSED RECORD REVIEW HELD ON OCTOBER 15, 2002 ON THE HEARING EXAMINER'S RECOMMENDATION TO APPROVE THE APPLICATION FOR A SIX-UNIT MULTI-FAMILY PLANNED RESIDENTIAL DEVELOPMENT (PRD) AND SUBDIVISION. THE SITE IS LOCATED AT 614 BELL STREET AND IS ZONED MULTI-FAMILY RESIDENTIAL (RM-1.5). (Applicant: Garbe/Weller Construction. File Nos. PRD-2002-102 and P-2002-103)**

3. EXECUTIVE SESSION REGARDING A REAL ESTATE MATTER

At 7:10 p.m., Mayor Haakenson recessed the Council to Executive Session for a 20 minute discussion regarding a real estate matter. At 7:30 p.m., the Executive Session was extended for five minutes. The meeting was reconvened at 7:35 p.m.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO ADD “AN ORDINANCE OF THE CITY OF EDMONDS RELATING TO CONTRACTING INDEBTEDNESS, AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS FOR GENERAL CITY PURPOSES” AS AGENDA ITEM 7A. MOTION CARRIED UNANIMOUSLY.

3A. PROPOSED RESOLUTION OPPOSING INITIATIVE 776, WHICH CONCERNS STATE AND LOCAL GOVERNMENT CHARGES ON MOTOR VEHICLES. THIS MEASURE WOULD REQUIRE LICENSE TAB FEES TO BE \$30 PER YEAR FOR MOTOR VEHICLES, INCLUDING LIGHT TRUCKS. CERTAIN LOCAL-OPTION VEHICLE EXCISE TAXES AND FEES USED FOR ROADS AND TRANSIT WOULD BE REPEALED

Council President Earling read Resolution No. 1030, a Resolution Opposing Initiative 776, into the record:

WHEREAS, The voters in King, Pierce, and Snohomish Counties voted to impose a Motor Vehicle Excise Tax (MVET) of up to 0.8% to support the creation of the Sound Transit regional transit authority; and

WHEREAS, Douglas, King, Pierce, and Snohomish Counties have by statute imposed an optional \$15 local options vehicle license fee, a portion of which is distributed to the City of Edmonds to be used solely for transportation purposes; and

WHEREAS, Initiative 776 takes away local voter control by having voters in all of Washington’s 39 counties repeal the above-mentioned funds that were approved locally in four counties; and

WHEREAS, the loss of the revenues voted in by the voters in King, Pierce, and Snohomish Counties will significantly impact the transportation system in the Puget Sound area including Sound Transit, the Washington State Ferry system, and the local communities’ street capital and maintenance programs; and

WHEREAS, Initiative 776 will significantly impact the City of Edmonds with the loss of approximately \$350,000 per year, which is used for the city’s transportation capital fund, including street overlays, and leads to a potential \$2,100,000 negative cash balance in our adopted six-year capital improvement program; and

WHEREAS, the impact on the City of Edmonds’ street overlay program results in over a \$1,000,000 cut in street overlays, which leads to a 53-year replacement cycle rather than the current 30-year cycle; and

WHEREAS, the impact on the city’s sidewalk and bikeway projects would be over \$600,000 over six years.

NOW THEREFORE BE IT RESOLVED, that the Mayor and City Council oppose Initiative 776.

Councilmember Petso indicated she would abstain from the vote due to her practice of not taking a position on issues on the ballot.

Mayor Haakenson opened the public participation portion of this item. There were no members of the public present who wished to address the Council, and Mayor Haakenson closed the public participation portion.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER MARIN, FOR APPROVAL OF RESOLUTION NO. 1030, A RESOLUTION OPPOSING INITIATIVE 776. MOTION CARRIED (6-0-1), COUNCILMEMBER PETSO ABSTAINING.

4. **PRESENTATION OF THE 2003 PRELIMINARY BUDGET**

Mayor Haakenson explained the same evening he was elected mayor in November 1999, the voters also approved citizens' Initiative 695. He commented he knew then that the time would eventually come when he would have to deliver bad news and, although the State Legislature by way of a couple years of revenue backfill postponed the bad news for awhile, tonight the time had come.

Mayor Haakenson explained the initiative process resulted in the loss of revenues to the City worse than any recession. The aftereffects of the terrorist attack of September 11th drove the economy into such a depressed state that it may be years before the economy recovers. The bottom line, he explained, was that due to these circumstances, the revenues needed to continue the provision of services to citizens have been severely reduced which will result in severely curtailed city services. He explained Initiative 695 and the subsequent Initiative 747 resulted in the loss of \$2 million yearly to the City and there was no replacing that amount of money.

Mayor Haakenson explained the City's General Fund budget for 2002 was \$24.5 million which paid for the following services among others: Police and Fire Departments (\$12.4 million), Parks & Recreation (\$2.6 million), Development Services (\$2.4 million), Administrative Services (\$2.0 million), Public Works Administration and Facilities Maintenance (\$1.3 million) and Non-Departmental (\$2.3 million). He explained Non-Departmental consists of outside agencies to whom the City paid for services such as the State and County as well as debt service.

Mayor Haakenson clarified the General Fund budget was really the day-to-day budget of the City. The expenses that make up the General Fund pay for the provision of services that the City offers to its citizens. The City is a business, a business that offers police and fire protection as well as a wide assortment of parks and recreation services. The City has the responsibility of making sure buildings are built to required codes so the City offers Development Services. He explained some services the City provided were required by law and some were expected by citizens; the City's business was to provide these services to its customers.

Mayor Haakenson explained that as a service business, the City was heavily reliant on people as people were required to perform the services the City offers. He pointed out Edmonds did not have as many people

providing services as most cities did. Each Edmonds employee serves 149 citizens whereas each Lynnwood employee serves 106 citizens and each Kirkland employee serves 120 citizens. He emphasized the City was not heavy in employees, in fact, the City's employees were asked to do more than in most cities and their productivity was higher than any other city. He explained any reduction in employees in the City meant a reduction in service from a workforce that was already stretched to the breaking point.

Mayor Haakenson explained budget cuts made over the past three years have depleted supplies to bare bones levels. Travel and training were at minimum, mandatory levels. He emphasized there was no fat to cut. The only way to reduce the budget, he explained, was to reduce people and thereby reduce service at the same time.

Mayor Haakenson explained the Edmonds Fire Department budget consists of 91% salaries, overtime and benefits. The Police Department figure is 87%. Citywide the number is 84%. He noted these were staggering numbers when one was looking for places to make cuts and the only decision was how many people to cut and from what areas. He emphasized when an organization was 84% labor intensive with the service they provided, the result of cuts would be a dramatic drop in service levels. He explained what made the task even more difficult was when employees were cut in some areas to reduce expenses, the revenue those employees generate in areas where the City charges for service may also be reduced.

Mayor Haakenson noted the 2003 budget had been reduced by 8% over last year in the amount of \$2 million and proposed a workforce reduction of 35 employees, 35 employees from an already lean and overworked workforce. He outlined the areas where the cuts would occur:

Fire Department

The cuts will eliminate the positions of Assistant Fire Chief and Fire Inspector (who will replace one of the three firefighter positions being cut). Eight reserve firefighters and a 20-hour administrative support position will also be cut. This leaves a management staff of the Chief and Fire Marshal, with one administrative assistant to manage a workforce of 48 employees. The shared position of third floor receptionist will also be eliminated.

Police Department

The cuts equate to the loss of ten part-time and six fulltime positions. This includes reserves and records management personnel. There will be no night or weekend employees at the police counter. The Police Department will lose one animal control officer who has also been responsible for parking enforcement and the Department will lose its internationally acclaimed Crime Prevention Officer as well as two police officers (although one will be filled from another of the cuts). These losses will necessitate shuffling some job assignments. The City will lose the D.A.R.E. program and the Youth Services Sergeant will be reassigned. With the losses of the D.A.R.E. and Crime Prevention Unit, and all the associated programs, the City's Police Department will no longer be a proactive Police Department but a reactive one.

Development Services

The cuts amount to the equivalent of five fulltime employees. These include the Administrative Assistant for the Building Department, an Engineering Inspector, both part-time receptionists on the second floor, a planner and the accounting coordinator. The immediate impact will be a loss of customer service with not only the inability to have a receptionist to greet customers and call for staff assistance but the counter itself will see a reduction in the hours open to the public. Permit reviews and issuance will take much longer. Accounting duties will be transferred to the Accounting office and all phone calls will have to be answered by the first floor receptionist. No payments for permits will be taken on the second floor, customers will have to be referred to the first floor accounting office. Code revision, mapping updates, code enforcement as well as support help for the Parking Committee and Historic Preservation Committee will slow to a crawl or in fact, become non-existent. Disaster planning will be transferred to the Fire Department, but they won't have the manpower to do it either due to cuts in their department. The reductions in Development Services will have a devastating effect on any proposed development project in Edmonds and consequently will have a detrimental effect on economic development and the real estate industry.

Parks & Recreation

Mayor Haakenson noted the effects of the cuts were more noticeable in this area. Yost Pool will be open for only nine weeks. The Discovery Programs such as Beach Patrols and Ranger Stations are eliminated. Summer camps will be shortened by a week. The drop-in child care program will no longer exist. Evening and weekend staff at the Frances Anderson Center will be reduced to bare minimums. All part-time seasonal staff, 28 in total, in parks maintenance and recreation will be lost. This equates to very little lawn care, mowing and flower bed maintenance in parks and around city-owned buildings. Restroom maintenance, trash and litter removal, pathway and trail maintenance will be sporadic. Park users will be asked to pack out their own trash. As in other departments, all labor previously donated for events such as the 4th of July, the Arts Festival, and the Taste of Edmonds will not be available or will be very costly to those non-profit organizations. Reductions in the flower program will be required as well. The amount of baskets will be reduced by two-thirds and corner parks by half. Mayor Haakenson hoped there would be enough volunteer help to add more areas as the year progressed.

Public Works Administration and Facilities Maintenance

A custodial position and a maintenance worker will be eliminated. The day custodian will no longer be provided at the Frances Anderson Center, city building maintenance schedules will be lengthened, and preventive maintenance for city-owned properties will be noticeably slower. The ability of city staff to perform projects will be markedly reduced.

Administrative Services Department

The City Hall receptionist position has been eliminated. One of three Information Technology positions as well as an accounting assistant have been removed as well. The impacts from these changes will be of a particular burden to staff as Information Technology allows for more productivity. Paychecks may be issued monthly rather than every other week. Customer service at the front counter for utility payments will be

compromised. The loss of the accounting assistant will slow the process of accounts payable as well as other accounting activities.

Mayor Haakenson explained there were many reductions in other areas as cuts had been made in every department. He commented the resulting loss in service was staggering and it would take an entire year to adjust to the changes that will be necessary to make these cuts work. He explained seniority dictated that newer employees be let go first which meant an employee who has spent their career in development services may find themselves working in accounting and will need training to do their new job. The combination of job loss with new employees learning new skills creates chaos, yet there is no other choice.

Mayor Haakenson explained the City's property tax revenues were slightly over \$9.3 million; the Police and Fire Department budgets total \$12.4 million. He pointed out the obvious fact was that the City's total property tax revenues did not cover the cost of the City's most basic service, public safety. Even the maximum amount of property tax revenue increase allowed by law only generated \$75,000 in additional revenue. He clarified a 1% increase in the property taxes would not even pay for a firefighter or police officer.

Mayor Haakenson acknowledged many may be wondering how the City could provide the necessary services to the community without raising taxes or cutting employees. He explained staff as well as the Council in the past have studied almost every conceivable revenue source. Some have been implemented and some have been turned down because they were not politically acceptable to the Council. He recalled fee for service for EMS and gambling revenue from casinos as the two most often cited examples of revenues that past Councils have found distasteful. He noted few options remained.

Mayor Haakenson explained the budget he presented contained no new revenue sources but only kept the City afloat for the next two years. In order to present a five year budget with a desirable ending cash balance as he would normally do, it would be necessary to eliminate entire city departments. He explained that while this budget did not go to those lengths, there were deep cuts included in the budget, serious service reductions. Staff and he tried to keep direct service immune from cuts where possible, however, in some areas this was not possible. Staff focused on reductions in programs that have been "nice to have" but were no longer fiscally feasible. He noted that Councilmembers may feel there are areas that shouldn't be cut but unless new revenue streams were identified, the cuts would remain and there would be more.

Mayor Haakenson outlined six additional revenue choices that would allow the Council, if they chose all of them, to replace approximately one quarter of the cuts he identified. He noted the Council's approval of all six would not only replace one-fourth of the potential job cuts but would continue to keep the city operational for the next five years.

1. The City still has an additional 5.3% banked capacity of property tax recapture. To bring in this additional \$375,000 would cost the average taxpayer \$28 more per year.

2. The City is allowed by law to increase property taxes by 1%. This option brings in \$75,000 and would cost a taxpayer about \$6.
3. The City does not have a Business and Occupations Tax nor does the City base its business license fee on the number of employees in a business. The Council could enact a \$25 fee annually for every employee that a business employs. This is similar to fees collected by the cities of Lynnwood and Bellevue among many others. This fee would collect in excess of \$200,000 per year.
4. The City has never placed a tax on solid waste utility companies that do business in the City. A 6% tax, like all utilities, is appropriate and would generate \$270,000. This fee would of course be passed on to the consumer and would cost about \$31 per year.
5. Taxes are levied on all city-owned utilities except the stormwater utility. The utility tax of 6% would generate revenue of \$80,000 per year and cost each ratepayer \$5.
6. Staff would like to impose a franchise fee on Olympic View Water District. Olympic View will consider the idea if it were tied to their ability to remain an independent operator. Presently, when 60% of their assessed valuation is within the Edmonds City limits, the city has the right to take them over and make them our utility. The City is currently at the 57% level. The franchise fee would be approximately \$150,000.

Mayor Haakenson explained these potential revenue sources would generate approximately \$1 million per year in new revenue. The addition of these revenues would allow replacement in the budget of one-quarter of the proposed budget cuts. Unfortunately, there is no way to replace the other cuts. If all were enacted, the additional cost to the average taxpayer would be \$72 per year.

Mayor Haakenson explained if the Council left the budget as it has been presented, he would begin immediately to work on additional budget cuts for next year to put the city back on track for an acceptable five year plan.

Mayor Haakenson explained the Council could add in new revenues without adding back in expenses which would allow the city to bring the five year plan back in line. Or the Council may choose to do both, add in new revenues as well as expenses. He explained it was not a one-for-one deal, however, as \$750,000 in new revenue allowed for an additional \$250,000 in expenses to be added back in and \$1 million in new revenues allowed about \$500,000 in additional expenses. He suggested the best choice was between these two ranges and urged the Council to consider this course of action. He emphasized what the Council could not do was add back in any of the expense cuts without adding revenue sources.

Mayor Haakenson referred to criticism that arises whenever the budget is discussed regarding the decision to annex into the Sno-Isle Library System that was accomplished via a vote of the people last year. He noted if the library were funded from the General Fund today, it would be the first thing on the list to be cut and would have meant \$3 million in cuts instead of \$2 million.

Mayor Haakenson advised many employees have offered to take pay cuts, noting he had heard particularly from Directors regarding this issue. He recalled there had also been talk about wage freezes. He explained those can be good and well meaning options if the problem were short lived, however, it is not. This is a long term problem that needs a long term solution and only job reduction can save the City long term. With the proposed position reductions in the budget, employees who stay will be asked to do even more than they have in the past and he felt they should be paid a fair wage for the work they performed. He noted morale had been difficult to maintain throughout the budget process but he was proud of how the employees have handled themselves during these uncertain times.

Mayor Haakenson concluded the choices were few and he had spent months searching for answers which were also few. After the budget review team met to review the preliminary budget, Mayor Haakenson noted it was obvious that further cuts were needed in order to present the budget to the Council tonight. Mayor Haakenson thanked Councilmember Dawson for her help on the review team, noting she offered many good insights. He commented Council President Earling had scheduled workshops for the Council over the next few weeks and urged the Council to advise how staff would be of service to them.

Mayor Haakenson explained he invited State elected officials who represent the city to be present this evening. He thanked Representatives Sullivan and Cooper and Senator Shin for attending tonight to hear what was happening in Edmonds but undoubtedly elsewhere as well.

Councilmember Petso asked whether the City would be willing if employee groups were interested in renegotiating their labor contract. Mayor Haakenson advised he had already met with the four unions that represent city employees and they were aware of the city's problems. The unions were courteous enough to wait until the budget message was presented this evening before talking to the Council regarding possible solutions. He noted the unions knew his door was always open and they were welcome to talk with him.

Council President Earling advised a workshop was scheduled on Saturday, November 9. He suggested Councilmembers forward any questions to him over the next week so that information could be available at the November 9 workshop or state questions now.

Council President Earling requested as many directors as possible attend the November 9 workshop and requested they identify the options they considered when making reductions and the rationale regarding the specific jobs that could be eliminated. Council President Earling noted at least two more workshops would be scheduled, either on a Tuesday evening or as a special meeting.

Administrative Services Director Peggy Hetzler distributed budget books to Councilmembers.

Council President Earling acknowledged the process Mayor Haakenson and staff went through was painful and expressed his appreciation for Mayor Haakenson outlining the magnitude of the problem.

5. PRESENTATION BY TEAM EDMONDS

Ruth Arista, Chair of Team Edmonds, 18431 High Street, Edmonds, noted she was also a business owner in Edmonds and .85% of her business's excise tax goes to the City. She explained TEAM (Together for Effective Action Marketing) Edmonds was formed to create an active marketing plan on the lowest budget but based on a variety of resources. She explained the marketing plan was to promote Edmonds as a wonderful place to visit, live, work, shop and recreate. TEAM Edmonds chose Community Marketing as its focus, and the goals are to produce a long-term marketing plan, evaluate results on a yearly basis with interim checkpoints, make the plan SMART (specific, measurable, achievable, realistic, and time-phased), build upon prior image-development efforts, raise public and private funds, leverage funds through program coordination, inform with vision, show progress and results, generate civic pride in the community, and compete with other regional markets to attract new residents, businesses and consumers.

Ms. Arista described 2002 achievements that include launching the initial fundraising, selecting and hiring professional expertise, evaluating target markets, determining regional reach and timing, completing creative process and media selection, beginning the campaign on October 1 (Phase 1 Transit), and pursuing fund raising (new launch November 7). She recalled when TEAM Edmonds made a presentation to the Council a year ago asking for financial support, the Council asked TEAM Edmonds to show what they could get done before they made a contribution. She commented the near-term 2002 Work Plan illustrates what will be done.

Ms. Arista described TEAM Edmonds' near-term 2002 Work Plan, explaining they chose transit advertising in Snohomish and King Counties because it provides more exposure per dollar. She displayed several banners that will be used on transit including "Feel Free to Have Fun, It's Edmonds; Feel Free to Paint the Town, It's Edmonds; and Feel Free to Window Shop, Sugar Plum, It's Edmonds."

Ms. Arista described the near-term 2003 Work Plan which includes continued transit advertising and studying television and radio ad campaigns. She described fundraising to date including \$10,000 from the Chamber of Commerce, \$10,000 from the Alliance, \$13,939 from local businesses, \$2,600 from property owners, and \$10,400 from the Port of Edmonds. She identified funding sources in 2003 which include individuals and residents, property owners, local businesses, Chamber of Commerce, Port of Edmonds, and hopefully the City. She requested a \$25,000 contribution from the City, acknowledging the difficulty of providing funds due to the City's difficult financial situation. She pointed out the potential increase in revenue to the City from increased economic development. She emphasized the need to pool resources, acknowledging the City was challenged with a difficult financial situation and must determine how to finance city jobs and services while maintaining the quality of life in Edmonds. She explained the community was in competition for consumers' dollars and could attract people from around the region, increasing the revenue to the City via increased sales. She concluded that when times were tight, cooperation leveraged dollars. She commented

that when the City worked with TEAM Edmonds, funds were leveraged and the attention on Edmonds was magnified.

6. AUDIENCE COMMENTS

Chris Guitton, 1012 Viewland Way, Edmonds, Chamber of Commerce Executive Director, explained investing in the community's future now was a better option than overtaxing businesses later. He urged the Council to consider an investment in the community which would result in additional revenues to the City. Regarding Mayor Haakenson's comments with regard to funding for the 4th of July celebration, Mr. Guitton advised the Chamber of Commerce was committed to organizing the 4th of July celebration. He announced a special fund had been established and urged citizens and community leaders to contribute to the fund so that the 4th of July traditions could be maintained. He advised donations should be identified "4th of July" and sent to the Edmonds Chamber of Commerce, PO Box 146, Edmonds, WA 98020.

Alan Weiss, 681 157th Place SW, Edmonds, Principal of Edmonds Woodway High School, acknowledged the City's plight in addressing budget cuts. He pointed out the work the Youth Services Department does on behalf of the youth in Edmonds was critical to what would happen with those students as adults. He noted little problems become large problems, but the interventions by Youth Services Department in elementary and middle school students reduced the number of incidents at the high school. He pointed out that intervention services and identification of at-risk students assist by identifying and providing additional resources. He concluded funds were saved by investing in students at an earlier stage. He urged the Council to prevent the Youth Services Department from being disassembled.

Alvin Rutledge, 7101 Lake Ballinger Way, Edmonds, commented that via the annexation to Sno-Isle Library System, \$1.2 million was returned to the General Fund and the library remained open. He advised the Friends of the Library book sale raised \$8,600, indicating the citizens support the library. He noted there was an ongoing book sale at the library.

Dan Kerege, 7115 210th Street SW, Edmonds, a Crime Prevention Volunteer, voiced his opposition to any cuts in the Police Department but particularly in the Crime Prevention Unit. He pointed out the Blockwatch and Vacation House Watch programs assist the Police Department and were programs that should be retained. He noted with the loss of the Crime Prevention Unit, the City would lose its internationally acclaimed Crime Prevention Officer Robin Heslop. He concluded every effort should be made by the Council and citizenry of Edmonds to retain the Crime Prevention Program.

Rob Michel, 7907 212th SW #102, Edmonds, noted the Community Services Department was one of the few departments that made money for the City and any cuts that reduced the income stream would add to the problem. He noted the construction industry was the second largest source of sales tax to the City. He pointed out millions were not accounted for because products are paid for at their source – one way to capture additional dollars. He pointed out new construction and development resulted in new property tax revenue,

slowing that process would also reduce revenues. He explained many developers would be willing to pay a higher fee if they were guaranteed their permits would be processed more quickly. He noted that slowing the process may result in developers pursuing projects in other cities, thereby reducing revenue to the City. He suggested that code changes, similar to those offered in other cities and the County, could also add revenues to the City. He concluded revenues sources existed that the City was not taking advantage of.

Holly Mars, 520 Pine Street, Edmonds, voiced her opposition to the proposed cuts in the Police Department, particularly Youth Services. She concurred with the comments of the Edmonds-Woodway High School Principal regarding why Youth Services are important. She commented on her research over the last two years regarding what works with youth and how to keep them out of the juvenile justice system and the adult criminal justice system, noting a major component was what was done locally such as the Youth Services Officer. Although she felt there may be more effective programs than D.A.R.E., eliminating the Youth Services Office was not a good option. She referred to the efforts to bring families to Edmonds, noting many of the youth and families who need services aren't able to speak up for themselves.

Lawrence Schweppe, 8524 215th SW, Edmonds, echoed Mr. Kerege's comments regarding the Crime Watch program, commenting it was a program that kept crime down in Edmonds. With regard to sources of revenue, he suggested the Council again consider cardrooms.

Rich Demeroutis, 921 Pine Street, Edmonds, referred to the \$24,000 the Council approved last week for a downtown parking study, pointing out this was a frivolous expense, particularly when the City continues to collect in-lieu-of parking fees. Next, Mr. Demeroutis commented the recreational budget was insignificant as the community would provide activities for children but this was not the case with the Police Department. He suggested consideration be given to an operating bond for Public Safety, similar to the EMS levy.

Mayor Haakenson declared a brief recess.

7. **COUNCIL DISCUSSION REGARDING THE PUBLIC HEARING HELD ON OCTOBER 1, 2002 CONCERNING THE RECOMMENDATION OF THE PLANNING BOARD TO APPROVE PROPOSED AMENDMENTS TO TITLE 20 (CHAPTER 20.10 – 20.14, AND 20.60) OF THE EDMONDS COMMUNITY DEVELOPMENT CODE IN ORDER TO ESTABLISH A REVISED PROCESS AND GUIDELINES FOR ARCHITECTURAL DESIGN REVIEW. (File Nos. CDC-00-153 and CDC-01-27).**

Mr. Chave recalled the public testimony from the public hearing seemed to target the detail of the Guidelines and the presumed additional time that would be required for a project to undergo review due to the detail. He explained there were two competing factors with Design Guidelines – first, the need for specificity to ensure the Guidelines were legally defensible. The competing factor is allowing flexibility to ensure design could be creative and could adapt solutions to circumstances, etc. He pointed out the Planning Board's recommendation was not that the Guidelines be considered final. They recommended that whatever

Guidelines were approved be considered interim and used for a year with the intent that they would evolve into improved Design Guidelines. He pointed out it was difficult to draft Guidelines conceptually as the design process was required to prove whether they work.

Mr. Chave explained this was a legislative process and the Council had a great deal of discretion. Staff requests the Council provide guidance such as that portions of the Guidelines, for example the process or sign code amendments, could be moved forward for approval or all or part of the Guidelines could be forwarded to a Council Committee to address specific concerns. He suggested the Guidelines not be referred back to the Planning Board as they had worked on them for two years and the proposed Guidelines were their best recommendation.

Mr. Chave explained Mr. Bullock would review three existing projects to illustrate how the proposed Guidelines worked. Mr. Chave distributed photographs and the checklist used in one of the three projects. He explained the checklist was developed using specific items from the Guidelines. He explained Mr. Bullock and he used the checklist to analyze the three projects, a process that took approximately 2-3 hours per project. This analysis would take much longer without the checklist because of vagueness in the existing code.

Senior Planner Steve Bullock explained when reviewing a project using the existing Design Guidelines which do not have many specific, objective measurable standards, the review takes a great deal of time because approval, denial, or amendment requires that he determine specific reasons for his decision. He explained this is difficult with the existing Design Guidelines due to the lack of specificity. He explained the proposed Design Guidelines included measurable standards to determine whether the proposed project meets those standards.

Mr. Bullock reviewed three examples of existing buildings, 1) a three unit multifamily project (a small project with a footprint under 10,000 square feet), 2) a mixed use project (a medium project with a footprint of approximately 11,000 square feet), and 3) a commercial project (a large project with a footprint over 20,000 square feet). Mr. Bullock reviewed how each project addressed the requirements in the Guidelines that applied to their project for site design, building form, and building façade. During his review, he pointed out building elements that would need minor changes to comply with the building form requirements.

Mr. Bullock explained site design considered access/entry – pedestrian and vehicular, setbacks/buffers, open space, and building identity; building form considered roof design and height, building massing and roof and wall modulation; and building façade considered windows, materials, accent, color and trim.

Council President Earling explained when this issue was removed from the table it was to identify issues that were of concern to the Council and to determine where to refer the Guidelines to ensure the Council's questions were addressed. He suggested the Council not micromanage the Guidelines but identify what issues needed to be addressed before proceeding to a vote. After the issues that were of concern to the Council had been identified, he suggested referring the Guidelines to the Community Services Committee.

Council President Earling identified the following issues: 1) staff indicated this would streamline the process, yet public testimony from several developers indicated their perception was that it would add time, 2) public comment indicated input submitted to the Planning Board was not incorporated into the document, and 3) Mr. Thuesen's question regarding whether buildings in Edmonds were improving in response to market conditions and whether the detail in the Guidelines was necessary.

Councilmember Petso suggested consideration be given to having the Council versus the Hearing Examiner hear appeals.

Councilmember Marin referred to Mr. Thuesen's comment that the market drives what was built. He pointed out the importance of both predictability and flexibility so that developers had the latitude to construct a project that responded to the market as well as was feasible for the individual property. He suggested the Community Services/Development Services Committee move forward with the items where there was little concern such as signs. He was uncomfortable with experimenting with areas of the Guidelines where there were still concerns. He encouraged the Council not to try to force a contrived solution by fabricating a web of requirements that make it so difficult for a developer that the resulting project is not the best building for the site.

Councilmember Dawson favored the concept of reviewing the Guidelines section by section but she questioned why the Design Guidelines were being revised when there had not been objection from the development community to the existing Guidelines.

Councilmember Orvis suggested the proposed Guidelines be set aside and start over. He preferred an incremental approach where elements of the ADB process that generated complaints were addressed first. He also suggested staff provide examples of Design Guidelines from other cities. He suggested consideration be given to whether architectural design review was necessary for all zones such as a car dealership along Hwy. 99. He acknowledged architectural design review was appropriate for buildings downtown.

Councilmember Plunkett indicated he was supportive of the Community Services/Development Services Committee reviewing the Council's concerns.

7A. **AN ORDINANCE OF THE CITY OF EDMONDS RELATING TO CONTRACTING INDEBTEDNESS, AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS FOR GENERAL CITY PURPOSES**

Council President Earling explained this was a potential device for use in financing and the timing of the sale of bonds. He explained the ordinance established a methodology for moving quickly to save the Public Facilities District (PFD) and the City substantial amounts depending on interest rate fluctuation in the bond market.

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER MARIN, FOR APPROVAL OF ORDINANCE NO. 3424.

Councilmember Petso advised she would vote against the proposed ordinance because she was not comfortable with making commitments and passing enabling legislation before the City had its “ducks in a row.”

MOTION CARRIED (6-1), COUNCILMEMBER PETSO OPPOSED. The ordinance reads as follows:

AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, RELATING TO CONTRACTING INDEBTEDNESS; AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS FOR GENERAL CITY PURPOSES; AUTHORIZING THE ISSUANCE OF A LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 2002, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$3,240,000 TO PAY COSTS OF ACQUIRING PROPERTY FOR AN ARTS CENTER TO BE OWNED BY THE CITY OR THE EDMONDS PUBLIC FACILITIES DISTRICT, PENDING THE ISSUANCE OF BONDS; PROVIDING FOR THE DETERMINATION OF THE DATE, INTEREST RATE, FORM, MATURITY, TERMS AND COVENANTS OF THE NOTE; CREATING A NOTE REDEMPTION FUND; AND PROVIDING FOR THE DELIVERY OF THAT NOTE TO THE CHURCH DEVELOPMENT FUND, INC., A CALIFORNIA NONPROFIT CORPORATION.

8. MAYOR'S COMMENTS

Mayor Haakenson had no report.

9. COUNCIL COMMENTS

Councilmember Plunkett expressed his appreciation to Mayor Haakenson for his budget presentation, noting he had precisely laid out the issues the Council must address.

Councilmember Wilson recalled on October 1 the Council tabled a discussion regarding final construction costs of the Public Safety Complex to allow the City Engineer to gather additional information from the Administrative Services Director. Councilmember Wilson advised the City Engineer and Administrative Services Director had an opportunity to review the information and the item could be returned to the agenda.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER MARIN, TO REMOVE “REPORT ON FINAL CONSTRUCTION COSTS FOR THE PUBLIC SAFETY COMPLEX AND COUNCIL ACCEPTANCE OF THE PROJECT” FROM THE TABLE. MOTION CARRIED UNANIMOUSLY.

Council President Earling requested this be scheduled as a 15 minute item on the November 4 agenda.

With no further business, the Council meeting was adjourned at 9:23 p.m.