

EDMONDS CITY COUNCIL APPROVED MINUTES

November 26, 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

ALSO PRESENT

Brandy Grout, Student Representative

STAFF PRESENT

Tom Tomberg, Fire Chief

Kevin Taylor, Assistant Fire Chief

David Stern, Chief of Police

Al Compaan, Assistant Police Chief

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

Darrell Smith, Traffic Engineer

Dave Gebert, City Engineer

Sandy Chase, City Clerk

Jana Spellman, Senior Executive Council Asst.

Jeannie Dines, Recorder

1. APPROVAL OF AGENDA

COUNCIL PRESIDENT EARLING MOVED, SECONDED BY COUNCILMEMBER WILSON, TO REMOVE CONSENT AGENDA ITEM F (APPROVE AGREEMENT FOR TECHNICAL SERVICES BETWEEN THE CITY OF EDMONDS AND THE CITY OF LYNNWOOD, AND JAMES MERCER, M.D.). MOTION CARRIED UNANIMOUSLY.

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

2. **CONSENT AGENDA ITEMS**

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER ORVIS, FOR APPROVAL OF CONSENT AGENDA AS AMENDED. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

- (A) **ROLL CALL**

- (B) **APPROVAL OF CITY COUNCIL MEETING MINUTES OF NOVEMBER 19, 2002**

- (C) **APPROVAL OF CLAIM CHECKS #59235 THROUGH #59358 FOR THE WEEK OF NOVEMBER 18, 2002, IN THE AMOUNT OF \$208,946.82. APPROVAL OF PAYROLL DIRECT DEPOSITS AND CHECKS #34422 THROUGH #34616 FOR THE PERIOD NOVEMBER 1 THROUGH NOVEMBER 15, 2002, IN THE AMOUNT OF \$1,003,663.02**

- (D) **ACKNOWLEDGE RECEIPT OF CLAIMS FOR DAMAGES FROM HARRY H. SHELTON (\$196.82), AND GARY SPENCE (\$3,814.20).**

- (E) **APPROVAL OF LIST OF EDMONDS BUSINESSES APPLYING FOR RENEWAL OF THEIR LIQUOR LICENSES WITH THE WASHINGTON STATE LIQUOR CONTROL BOARD**

- (G) **REPORT ON BIDS OPENED NOVEMBER 5, 2002 FOR THE CITY WIDE GUARDRAIL REPLACEMENT (BELL STREET, 89TH PLACE WEST, NORTH MEADOWDALE ROAD AND ALLEY LOCATION), AND AWARD OF CONTRACT TO PETERSEN BROTHERS, INC. (\$58,834.45, EXCLUDING SALES TAX)**

- (H) **REPORT ON THE GENERAL FUND AND OTHER SELECTED FUNDS FINANCIAL POSITION FOR THE MONTH ENDING SEPTEMBER 2002.**

- (I) **AUTHORIZATION FOR MAYOR TO SIGN THE FINAL PLAT OF ALEXIS'S ADDITION, A FIVE-LOT PLAT AND PLANNED RESIDENTIAL DEVELOPMENT (PRD) LOCATED AT 9014 – 240TH STREET SW. THE SITE IS ZONED SINGLE FAMILY RESIDENTIAL (RS-8). (APPLICANT: LOVELL SAUERLAND & ASSOC., INC., FOR VIKING PROPERTIES, INC. / FILE NO. P-02-62 AND PRD-02-62)**

Introduction of State Representative Al O'Brien

State Representative Al O'Brien explained due to recent redistricting, he now represents two precincts in Edmonds. He indicated his telephone number was in the telephone book and encouraged the Council and the public to contact him regarding any issues. He indicated his plans to work with Representative Sullivan when the Brightwater bill is reintroduced in the next legislative session.

3. CONTINUED COUNCIL DELIBERATION REGARDING THE PUBLIC HEARING HELD NOVEMBER 19, 2002 ON ESTABLISHING PROPERTY TAX LEVIES FOR THE YEAR 2003 AND POTENTIAL ACTION TO ADOPT A RESOLUTION FINDING THE EXISTENCE OF SUBSTANTIAL NEED FOR A INCREASE BASED ON THE MAXIMUM LAWFUL LEVY AND AN ORDINANCE ESTABLISHING THE PROPERTY TAX LEVIES FOR THE REGULAR PROPERTY TAX LEVY, THE EMERGENCY MEDICAL SERVICES LEVY AND PUBLIC SAFETY COMPLEX BOND ISSUE DEBT SERVICE

Councilmember Petso referred to a fund in the Parks & Recreation budget for Frances Anderson Center improvements and the inclusion of 1% for Arts in that fund in the amount of \$14,000. She noted the 1% for Arts was not charged for street projects or building repair items. She recalled Parks & Recreation Director Arvilla Ohlde's indication that that amount should be zero. Administrative Services Director Peggy Hetzler agreed, noting she would need to confirm this in the budget work papers.

Ms. Hetzler gave a presentation regarding what a levy lid lift could look like and the legal requirements associated with a levy lid lift. She explained this information was provided in response to Council discussion regarding a public safety levy lid lift or bond issue. With the passage of I-747, there were only two ways for a jurisdiction to increase property taxes by more than 1%; one of those ways was if the jurisdiction had banked property tax capacity which Edmonds does have. If the Council chose, the property tax increase could be at least 6.1% because the City has not taken advantage of its full property tax increase capacity in the past. The only other way a City may increase its property tax levy is via a levy lid lift. She noted a simple majority vote of the public was needed to accomplish a levy lid lift under RCW 84.55.050. In order to be able to do a levy lid lift, the jurisdiction's current property tax rate has to be below its maximum amount (\$3.10); Edmonds' current property tax rate is \$2.27. She explained a levy lid lift could be put in place for specific programs but did not have to be; a levy lid lift could be put in place for a limited amount of time or could be a permanent lid lift.

With regard to a public safety-voted bond issue, Ms. Hetzler explained a bond election could be held that would authorize a dedicated property tax to pay the principle and interest on outstanding bonds; however, she noted public safety bond issues were typically done for capital projects and the City's current need was funds for operations.

Ms. Hetzler displayed a list of potential police programs (related to the cuts proposed in the 2003 budget) that could be funded via a levy lid lift. In addition to the programs proposed to be cut, she added additional retirement costs and 800 MHz radio replacement as potential programs to be funded via a levy lid lift for a total of \$815,019.

Ms. Hetzler displayed a list of potential fire programs (related to the cuts proposed in the 2003 budget) that could be funded via a levy lid lift. In addition to the programs proposed to be cut from the 2003 budget, she added additional retirement costs and 800 MHz radio replacement for a total of \$574,249. She summarized the total police and fire potential funding was \$1,389,268. She explained approximately an 18% increase in the property tax levy would be required to fund these items. The impact on the median homeowner would be an additional tax of \$102.42 (an increase from the current City taxes of \$569 to \$671.42 after the 18% levy lid lift). She noted approval required a simple majority by voters. She clarified the levy lid lift could be structured to cover certain public safety programs such as those outlined above. The tax rate would increase from \$2.27 per \$1,000 of assessed value to \$2.42 per \$1,000, well below the statutory limit of \$3.10. She noted this was significant to Edmonds as Edmonds would no longer be able to collect the motor vehicle local option fee that was currently used for the overlay program as Snohomish County has repealed that tax. If the City chose to propose funding to make up that loss, the City would still have sufficient levy capacity.

Ms. Hetzler reviewed a list of proposed cuts to each Department and positions/programs that could be restored via a levy lid lift including the Receptionist in Administrative Services; Police Patrol Officers, Crime Prevention Enforcement Officer and Parking/Animal Control Officer in the Police Department; Firefighters, Inspector, and Assistant Fire Chief in the Fire Department; Receptionist in the Development Services Department; Beach Rangers in the Parks & Recreation Department, and a Custodian in Public Works, reducing the proposed reductions to approximately \$1,050,000. She summarized this would allow restoration of 11 of the 35 positions originally proposed for elimination.

Ms. Hetzler reviewed a General Fund outlook for 2002 – 2007, explaining the assumptions in this forecast included seeking a levy lid lift in 2004 for approximately \$1.4 million and three new revenue sources in 2003 – a property tax recapture of 1.9% and a utility tax on solid waste and stormwater. She noted the combination of these three revenue sources would generate an additional \$418,000. She explained this would leave an ending cash balance in 2003 of slightly less than \$500,000, well below the target for the General Fund but still a manageable number. She noted the forecast then showed the additional revenue from the levy lid lift in 2004, and pointed out the ending cash after 2004 continued to be a manageable figure.

Ms. Hetzler recalled during public comments last week, a speaker commented on the amount I-695 saved him and that it may be time for the public to give back some of those savings. To illustrate the impact of I-695 on an average Edmonds resident, she used herself as an example. As the owner of 1991 and 1995 vehicles, prior to I-695 (1999), she paid a total of \$1,200 per year to license the vehicles. In 2002, she paid \$115 per year to license the two vehicles, a savings of \$970 per year. She compared this to the taxes that had been enacted since I-695, the library annexation tax (\$100), property tax increase in 2000 (\$62), property tax increase in 2001 (\$.00), property tax increase in 2002 (\$21), for a total of new taxes post I-695 of \$183.00. Continuing to use her household as an example, the impact of a potential levy lid lift would be \$94.00, for a net savings of \$693 per year.

Ms. Hetzler emphasized the information provided was only an illustration, there were a number of different ways a levy lid lift could be structured.

Mayor Haakenson referred to the General Fund outlook 2002 – 2007, commenting that if the Council chose the levy lid lift option, the election would occur in 2003 but the funds would not be collected until 2004. Ms. Hetzler agreed. Mayor Haakenson inquired how a failure of the levy lid lift would impact projections from 2004 on. Ms. Hetzler answered approximately \$1.5 million in additional cuts would be required in 2004.

Councilmember Plunkett referred to the General Fund Outlook 2004 – 2007, specifically the additional \$418,000 shown in 2003 from the revenue sources Ms. Hetzler outlined previously. He asked whether those funds would cover the priority requests from the Fire, Police and other departments. Ms. Hetzler answered \$418,000 would not be sufficient. Councilmember Plunkett noted approximately \$610,000 would be required to fund the priority requests from all departments. Ms. Hetzler agreed.

Mayor Haakenson inquired about the impact to the budget if the Council added \$610,000 in new revenue and added \$610,000 in expenditures. Ms. Hetzler answered the City would run completely out of cash at the end of 2004.

Councilmember Petso asked whether the proposed restorations included the Youth Services Department. Ms. Hetzler answered yes. Councilmember Petso asked whether it would restore the D.A.R.E. program. Ms. Hetzler answered it would restore everything the Police Department proposed as cuts.

Councilmember Orvis clarified the \$3.10 maximum statutory property tax limit was with the library annexation; without the library annexation, the limit was \$3.60. Ms. Hetzler agreed.

For Councilmember Plunkett, Ms. Hetzler explained the 1.9% property tax increase generates \$143,000 and 3% generates \$226,000. Councilmember Plunkett inquired whether the Consumer Price Index (CPI) was approximately 3%. Ms. Hetzler advised it was 1.9% this year but had been approximately 3% for each of the past ten years.

Councilmember Dawson commented there could be other items funded via a levy lid lift. She inquired about the revenue generated via a 1% property tax increase. Ms. Hetzler answered reducing the property tax increase from 1.9% to 1% in 2003 would be a loss of \$68,000 in revenue. Councilmember Dawson noted there were other ways the Council could identify \$68,000 such as reducing the Council Contingency Fund for one year or reducing funding to the Alliance.

Councilmember Dawson commented it was her understanding that even if the cuts that were proposed were made to the budget and revenues in the amount of \$610,000 were identified, the City would still be in a

deficit in the next couple years and additional cuts would be required unless a levy lid lift were approved. Ms. Hetzler agreed.

Mayor Haakenson asked if the levy lid lift failed in 2003 and the City began 2004 with \$480,000 in cash, would the City run out of cash in 2004. Ms. Hetzler answered yes.

Council President Earling explained that due to a timing issue, the Council needed to decide tonight on a property tax increase for 2003 although the Council would not conclude its budget discussions for a couple weeks. He noted a property tax increase over 1% required a super majority vote (five affirmative votes).

For Councilmember Wilson, Ms. Hetzler explained City Attorney Scott Snyder recommended a super majority vote for any increase in the property tax rate due to the vagueness of the law as a result of the numerous amendments that have occurred via initiatives.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER WILSON, TO APPROVE A 1% PROPERTY TAX INCREASE. MOTION CARRIED UNANIMOUSLY.

Councilmember Petso noted no one wanted to raise property taxes; the Council approved a 1% increase because it was essential. She suggested the Council consider a further increase in property taxes, expressing frustration that while she has voted against some of the City's funding habits and did not agree entirely with how some funds were spent, those funds were spent and/or committed and the funds to honor those commitments must be identified. She noted there were Councilmembers who voted in favor of contracts that obligated the City to cost of living increases plus 1%. For the Councilmembers who were willing to make that commitment, she urged them to also be willing to identify the funds to pay for those contracts because the alternative was layoffs this year and in the future.

Councilmember Orvis indicated it was his intent to add approximately \$410,000 back into the budget, primarily to restore frontline police and fire positions. With regard to revenue choices, his least desirable choice was property taxes as property values did not necessarily track with incomes and there were many residents who purchased their homes at a low value and property taxes have escalated along with the value. He summarized it was his desire to keep property tax growth at the rate of CPI and he would be willing to approve an additional 0.9% increase in property taxes. He supported placing a levy lid lift on the ballot.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER ORVIS, TO APPROVE A 0.9% PROPERTY TAX RECAPTURE.

Councilmember Plunkett recalled the public testimony has been clear that the community wants frontline fire and police positions protected. Further, there were other reasonable priorities identified in other departments that needed to be funded. He urged the Council not to approve this motion and increase property taxes according to the traditional CPI of 3%. He noted new revenue of approximately \$610,000 would be required to fund police and fire and other departments' top priorities.

Councilmember Dawson noted the only way to preserve public safety programs in the future was via a successful levy lid lift. A 1.9% versus a 1% property tax increase would generate an additional \$68,000 per year which would not solve the City's budgetary problems. She reiterated there were other ways to identify \$68,000 such as reducing the Council Contingency budget, reducing funding to the Alliance, or not restoring positions such as a custodian. She stressed the law allowed a 1% property tax increase or the Implicit Price Deflator (IPD), whichever was less, and the ability to recapture banked capacity was a loophole in the law. She was uncomfortable with raising property taxes more than the 1% allowed by law, noting the way to solve the City's budgetary problems appeared to be via a successful levy lid lift.

Councilmember Petso suggested the Council not focus on how the funds would be spent but only determine whether any banked capacity would be recaptured. She noted even if the Council approved recapturing the full amount, the Council could identify good ways to spend the money. She reminded the members of the Council, more than a super majority she ventured, who voted for many expenditures to be willing to identify the funds necessary. She noted if the employees were lost this year and a levy lid lift was successful next year, many of those employees may already be employed elsewhere. She preferred identifying funding sufficient to retain some employees this year via approving a higher recapture amount.

Council President Earling agreed there would be two additional weeks of budget discussions; the Council's focus tonight should be on any property tax recapture.

Councilmember Wilson agreed regarding the need to consider a higher recapture amount. He commented that the Council has historically taken a conservative approach in not taking the full 6% increase allowed each year as well as a conservative approach in the way the City is staffed. He noted the City could look toward a levy lid lift which would provide funds in 2004 but at this point he was in favor of recapturing the full 5.3%.

Councilmember Marin commented that even though the latest initiative did not pass in Edmonds, approximately four of ten people who voted in Edmonds voted in favor of the initiative. Part of what those people were voting for was that elected officials are not listening/are not responsive to them. He summarized that even though Edmonds voters have not passed initiatives, the initiatives passed in the State. He preferred not recapturing the full amount.

Councilmember Dawson commented that even if the Council approved the full recapture and accessed all the other potential revenue sources, not enough funds could be identified to save all the programs without a levy

lid lift. She noted the maximum that could be generated by raising property taxes 6.1% was \$375,000 in additional revenues and, as Ms. Hetzler pointed out, there were approximately \$1.1 million in cuts to Police and Fire alone this year. She summarized recapturing banked capacity would not solve the problem. She expressed concern that if the Council approved an increase in property taxes by more than the law allowed (1%), citizens may be resentful and not vote in favor of a future levy lid lift. She noted this was a year when budgets were stretched in many citizens' homes and there were citizens who were laid off or not getting increases. Further, citizens' property taxes increased dramatically last year, approximately a 19% increase, due to the library annexation. She commented doing that again this year by exercising this loophole to recapture banked capacity would hit citizens too hard and would not solve the City's problems anyway and may mean the difference between a successful levy lid lift in the future.

MOTION FAILED TO ACHIEVE A SUPER MAJORITY (4-3), COUNCIL PRESIDENT EARLING, COUNCILMEMBERS ORVIS, DAWSON, AND MARIN IN FAVOR, AND COUNCILMEMBERS WILSON, PETSO AND PLUNKETT OPPOSED.

Councilmember Plunkett expressed the desire that additional funds be used to fund departments' top priorities and in the near future additional revenues be identified to fully fund Police and Fire.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER WILSON, TO APPROVE A 2% RECAPTURE OF THE BANKED CAPACITY IN ADDITION TO THE 1% PROPERTY TAX INCREASE ALREADY APPROVED.

Councilmember Wilson expressed his preference to recapture the full amount, expressing his appreciation for Councilmember Plunkett's efforts to restore funding for basic services.

Councilmember Petso asked for clarification whether Councilmember Plunkett's motion was to approve the property tax recapture solely to fund Police and Fire. Councilmember Plunkett answered technically it was only to approve the recapture.

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

Council President Earling declared a brief recess.

COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO RECAPTURE 1.5% OF THE BANKED CAPACITY.

Councilmember Petso indicated she would vote in favor of this assuming this was the best the Council could do.

Councilmember Orvis clarified the percentage was based on the total amount the City collected; the assessed value of a citizen's home determined the amount they would pay. He pointed out the need to consider how citizens were impacted by other taxing districts such as the library, school district, etc., thus his reluctance to increase property taxes above the rate of inflation. From a personal viewpoint of someone who may not have a job next year, he commented that two of every five of his co-workers were laid off this year. Further, there were some companies in this area where all employees lost their jobs. He pointed out those people lived in the Edmonds community and he must look at this situation from their point of view. Likely they would want to retain public safety and he was willing to identify those funds from other sources but not from property taxes. He summarized he did not favor increasing property taxes higher than the rate of inflation.

Councilmember Plunkett pointed out the proposed increase was at the traditional rate of inflation and would only keep up with the cost of living.

For Council President Earling, Ms. Hetzler explained a 1.5% recapture would generate \$112,500 in additional property taxes.

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

Mayor Haakenson clarified the Council had approved increased revenues of \$75,000 and \$112,500 for a total in new revenues of \$187,500.

Ms. Hetzler provided a correction to the Resolution Finding the Existence of Substantial Needs that was requested by City Attorney Scott Snyder to memorialize the Council's intent to recapture banked capacity. Although it was not required, Mr. Snyder requested a new Section 2 be added that reads as follows: *"In establishing the tax levy set forth in paragraph 1, the City Council exercises its authority to utilize banked levy capacity pursuant to RCW 84.55.015 and RCW 84.55.092 to the extent necessary to justify increases that might otherwise be in excess of the tax limit factor."* She noted the remaining sections would be renumbered.

Councilmember Dawson clarified there would need to be a Resolution Finding the Existence of Substantial Needs for the Council to increase property taxes 1%; however, as she was opposed to the additional 1.5%

recapture, she would vote against the Resolution even though she agreed there was substantial need for the 1% increase.

COUNCILMEMBER PLUNKETT MOVED, SECONDED BY COUNCILMEMBER MARIN, TO APPROVE THE RESOLUTION AS AMENDED. UPON ROLL CALL, MOTION CARRIED (5-2), COUNCIL PRESIDENT EARLING, COUNCILMEMBERS MARIN, WILSON, PETSO, PLUNKETT IN FAVOR; AND COUNCILMEMBERS DAWSON AND ORVIS OPPOSED. The Resolution approved is as follows:

RESOLUTION NO. 1033 OF THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, FINDING THE EXISTENCE OF SUBSTANTIAL NEEDS AND JUSTIFYING INCREASING THE PROPERTY TAX LEVY FOR THE CITY REGULAR PROPERTY TAX AND EMERGENCY MEDICAL SERVICES LEVIES FOR 2003 AT A RATE OF 2.5% OVER THE PREVIOUS YEAR AND JUSTIFYING INCREASING THE EMERGENCY MEDICAL SERVICE TAX LEVY FOR 2003 AT A RATE OF 1% OVER THE PREVIOUS YEAR. THIS INCREASE OF CITY REGULAR PROPERTY TAXES OVER THE 2002 LEVY EQUATES TO A RATE EQUAL TO 2.5% OR \$188,379. THIS INCREASE OF THE CITY EMERGENCY MEDICAL SERVICE PROPERTY TAX EQUATES TO A RATE EQUAL TO 1% OR \$15,770.

COUNCILMEMBER MARIN MOVED, SECONDED BY COUNCILMEMBER WILSON, FOR APPROVAL OF ORDINANCE NO. 3426. UPON ROLL CALL, MOTION CARRIED (5-2), COUNCIL PRESIDENT EARLING, COUNCILMEMBERS MARIN, WILSON, PETSO, PLUNKETT IN FAVOR; AND COUNCILMEMBERS ORVIS AND DAWSON OPPOSED. The Ordinance is approved as follows:

ORDINANCE NO. 3426 OF THE CITY OF EDMONDS, WASHINGTON, MAKING CERTAIN LEGISLATIVE FINDINGS, INCREASING THE PROPERTY TAX LEVY RATE FOR 2003, AND FIXING A TIME WHEN THE SAME SHALL BECOME EFFECTIVE.

4. CONTINUED PUBLIC HEARING ON THE 2003 BUDGET

Mayor Haakenson opened the public testimony portion of the public hearing for those who had not spoken at last week's public hearing regarding the 2003 budget.

Marcia Patience, 18716 94th Avenue W, Edmonds, indicated her family, friends, and neighbors found it ludicrous for the City to consider reducing the two most vital functions of City government, the Police and Fire Departments, as citizens needed the protection they provide. She pointed out the City's population was growing, increasing the demand on the Police and Fire Departments. She would vote to increase her property taxes if the funds were used to restore the Police and Fire to ensure all the functions and personnel they currently have remain. She cited the need for the Fire Department's equipment to be upgraded and the need

to retain programs such as Blockwatch. She commented the holiday lights in the community were great but when there were budget problems, the City could only keep what was necessary such as the Police and Fire Departments.

Debbie Smith, 250 5th Avenue N, Edmonds, a 25-year law enforcement officer and currently the Youth Services Sergeant, Edmonds employee of the year, employee of the year for the Police Department, and a recipient of a Distinguished Service Award from Snohomish County Sheriff and Police Chief Association, explained she was considered a pioneer due to her gender and considered a success due to her standards. She revealed the secret to her success was “plan” and “goal,” explaining she planned how to approach a problem, calculated the impact the plan will have on the problem, and executed the plan with a specific goal in mind. She noted the Council embraced a different goal and philosophy that impeded their ability to progress or be successful if “vote” was their only focus. She pointed out revenue opportunities that have been lost primarily because Councilmembers felt it would impact their ability to be re-elected such as the annexation of Aurora Village and gambling. When it was anticipated the impact of I-695 and I-747 would take place two years from passing, she questioned why steps were not taken to alleviate the impact by holding planning sessions before now. She pointed out the Council appeared to have no plan or goal and without a plan and goal established by the Council, her and her personnel’s ability to do their jobs was impacted. She expressed concern with the request to reopen contract negotiations, noting over 25 years her job has become more complex and technical and salaries are mid-range in comparison to comparable cities within the area. Unless the Council learned the words “plan” and “goal,” they would learn a new word, “fail” and then at the next election, another word, “lose.”

Kristy Eloranta, 5231 192nd Street SW, Lynnwood, urged the Council to retain the drop-in daycare at the Frances Anderson Center. She noted the people using the drop-in day care generated funds via classes they took at Frances Anderson Center as well as by shopping in Edmonds. She pointed out all communities were enriched by supporting activities and programs for all age groups.

Cindy Farrell, 19525 86th Avenue W, Edmonds, explained she volunteered with the Beach Ranger program from 1998 through 2001 as part of the community service requirement for her Campfire Wohelo project. She described her experience volunteering with the Beach Ranger program, summarizing the program was very important to many people and should be retained.

Matt Rinaldi, 855 Dayton Street, Edmonds, commented there were two major issues facing the City, a long term solution and a short term solution. With regard to the short term solution, he noted everyone he has spoken with is in support of essential services, maintaining the Police and Fire Departments as they currently exist.

Bruce Nicholson, 9829 Cherry Street, Edmonds, commented City government was no different than private business. He recalled significant reductions he survived in private business, noting the businesses always came out healthier as a result of making those difficult decisions. He stated the levy lid lift was only a band-aid because when the banked funds ran out, the City had the same problem and the City needed a permanent fix. He urged the Council to do what was good for the community and not consider their personal agendas. The number one problem in the City was revenue, there had to be an effort to increase the revenue

to make it a healthy community on a long term basis which would not occur by continually finding ways to increase fees and permits. He urged the Council to keep expenditures in line with revenue and if there were insufficient revenues, programs needed to be cut or the difficult decisions made to increase revenues.

Doug Dahl, President of Firefighter Local 1828, urged the Council to consider Ms. Hetzler's presentation in detail and in length as it showed a viable option for saving Police and Fire Department positions as well as many other positions in the City. He agreed if a levy lid lift failed the City would be in trouble, but placing a levy lid lift on the ballot placed the Police and Fire jobs in the citizens' hands. As an employee of the City, he would rather hear from citizens that they did not want his services rather than have the Council make that decision. He noted the Police and Fire Departments have historically gotten things by shedding blood, noting he had heard it would be easier to pass a levy lid lift if Police and Firefighters were laid off. He urged the Council not to shed blood on politics but rather allow the citizens to make the decisions.

Kurt Campbell, 23908 Timber Lane, Woodway, owner of Campbell Nelson Volkswagen and a partner with the Police Youth Services Department, commented he understood the budget cuts would impact the D.A.R.E. program and Youth Services Department and he did not want that to happen. He urged the Council not to cut the Youth Services program.

Kerri Bailiff, City Hall Receptionist, 19 Fern Road, Everett, indicated she loved her job and although it was never fun to learn via the budget that people would lose their jobs, she was glad to hear citizens speaking to the Council about the programs they cared about.

Kevin Taylor, Assistant Fire Chief, commented his actual job title was Assistant Operations and Training, noting when he accepted the position, he was aware this was usually two positions in Fire Departments half Edmonds' size. He explained he left a larger Fire Department to return to Edmonds, his hometown. He currently earns the top of the Edmonds Fire Department Assistant Chief pay scale. He recalled a Councilmember said to him that even if the Council saved his job, he would likely leave. Assistant Chief Taylor acknowledged that was likely correct as Edmonds was not a very good employer of exempt personnel; he received less COLA than union personnel and spent the first two years earning less than the ten employees he supervised. Further, having an Assistant Fire Chief on a layoff list was an anomaly in City government, sent the wrong message, and would hurt the City's recruitment and retention. He pointed out eliminating his position and dividing the duties among other staff members would result in a deterioration of the service excellence the Department strives to achieve. He noted reducing the Administrative command staff from two to one would also lead to deterioration in service. He encouraged the Council to listen to the public when they voted 84% in favor of the EMS levy and when they spoke from the podium – maintain public safety services.

Natalie Shippen, 1022 Euclid, Edmonds, spoke on behalf of the flower program, commenting this was a program that benefited the community as well as businesses. She noted the \$21,000 for the flower program could come from the funding for the Alliance or the Chamber or other private groups that received tax funds. She commented public subsidy for private groups was a budget luxury and should be the first area cut in times of budget difficulties. She referred to flower programs in Santa Fe and Ashland, Oregon whereby the

public could support a flower corner and receive a sign indicating their support. Mayor Haakenson commented he had received offers to assist monetarily and physically with the flower program.

Bruce Witenberg, 8725 Madrona Lane, Edmonds, recalled the effort to annex the Esperance area was successful in 1995 and one of the primary motivators for annexation was improved police protection. He acknowledged the proposed budget cuts would have a huge impact on public safety and urged the Council to implement the Mayor's suggested revenue sources. He agreed no one wanted tax increases, but balancing increases against the cuts to public safety, the choice was clear. He suggested the new revenue sources be designated for public safety. He urged the Council to take up Mayor Haakenson's challenge to seek short and long term revenue sources, noting there were members of the public willing to serve on taskforces to research potential long term revenue sources.

Hearing no further public comment, Mayor Haakenson closed the public participation portion of the public hearing. Mayor Haakenson read correspondence received by the City Clerk's Office, one from Melanie Kelsey who indicated she agreed with the Mayor's proposed revenue sources as well as with the reductions in the budget. She indicated she would support the City with additional revenue during this time but wanted to ensure the revenue was used for necessary services. The second was a letter from Olive Gourmet Foods urging the Council to do whatever was necessary to avoid losing valuable employees and resources particularly the City Hall Receptionist.

Council President Earling indicated further budget discussion was scheduled on the December 3 agenda and he anticipated budget discussions would be brought to a conclusion by December 10.

Councilmember Petso recalled one member of the public identified a levy lid lift as a temporary solution. She asked what a levy lid lift could be used for and for how long could it be enacted. Ms. Hetzler responded a levy lid lift could be permanent. Councilmember Petso commented if it were permanent, the City could use it to pay salaries now and in the future. She asked how salary increases would be funded as at some point, the salaries "purchased" via the levy lid lift would increase beyond the amount of the levy lid lift. Ms. Hetzler commented once a levy lid lift was enacted, it added to the property tax levy base forever and the 1% increases in the future would be greater due to the levy lid lift. At the point expenditures increased more than property tax revenues increased via the 1% limitation, expenditures would need to be reduced or a different revenue source identified or a change made to the levy lid lift.

Councilmember Petso clarified if the voters approved a \$1 million levy lid lift to fund employee salaries, cost of living increases could result in the levy lid lift providing insufficient funds for those salaries. Ms. Hetzler recalled the five year forecast demonstrated the budget would be in balance through 2007. During that time period, the Council likely would be considering and enacting other revenue options. Councilmember Petso clarified if a levy lid lift were approved and used to retain \$1 million in employee salaries, it was expected those employees could be maintained for at least four years. Ms. Hetzler agreed.

Councilmember Petso commented that although the levy lid lift was a temporary fix, it was not a short term fix. Ms. Hetzler advised it would keep the City's budget in balance for a five year period. She acknowledged a levy lid lift would not solve the City's financial situation forever as there would be cost increases, unforeseen expenditures, etc.

Councilmember Petso asked whether COLA and mandatory salary increases equated to approximately \$500,000 per year. Ms. Hetzler was uncertain. Councilmember Petso requested this information be provided for next week's discussion.

Councilmember Petso asked how much revenue the casino in Mountlake Terrace generated. Ms. Hetzler advised Mountlake Terrace's Finance Director indicated it was a net gain of \$650,000 per year due to a decline in pulltab and bingo revenues but the gross was approximately \$750,000. Councilmember Petso noted this would cover one year of salary increases. She asked how much would be generated by development on the Unocal property. Ms. Hetzler was uncertain. Councilmember Petso inquired about how much the Medic 7 transport fee generated. Ms. Hetzler recalled it was \$250,000 - \$300,000.

Councilmember Petso said if she really wanted to get votes, she would have voted in favor of all the raises and against all the taxes. Unfortunately, because she knew she could not fund all the raises without cutting employees, she voted against the raises and for all the taxes, likely not the right way politically. She noted if the City did not have a long term growth of approximately \$500,000 per year, the City could not pay salary increases. She noted one option was identifying different revenues sources, noting a new one would be needed each year. She asked whether there were any long term revenue sources other than property tax increases. Ms. Hetzler answered one of the potential revenue sources was a form of a B&O tax. Although that has never been seriously considered, she noted that would be a significant additional revenue source for the City.

Mayor Haakenson referred to the revenue and expense projections for 2002 – 2007, asking whether the expenses included COLA for all employees. Ms. Hetzler answered yes. Mayor Haakenson asked if merit increases and/or step increases were also included. Ms. Hetzler answered yes. Mayor Haakenson clarified the worse case scenario for salaries was reflected in the five year projection.

Councilmember Orvis requested staff indicate next week how the proposed reductions presented in the PowerPoint presentation correlated to the proposed reductions in the budget book.

Councilmember Marin requested staff also provide information for next week regarding revenue potential from a franchise fee with Olympic View Water District. Mayor Haakenson asked when revenue for that source would be anticipated if that was deemed a viable venture. Ms. Hetzler it could be mid-year 2003.

Council President Earling commented the Council could authorize staff to begin negotiations with Olympic View. Mayor Haakenson commented the direction staff took from the Saturday budget discussion was to proceed with negotiations with Olympic View.

For Councilmember Plunkett, Ms. Hetzler explained the Council could designate what funds from a levy lid lift would be used for but did not have to. Further, a levy lid lift could be for a limited time period or an indefinite time. Councilmember Plunkett asked if the Council designated the use whether the ballot title would reflect that. Ms. Hetzler answered if the Council designated the use of the funds, the ballot measure would reflect that designation.

Councilmember Wilson requested staff consolidate the potential revenue sources on one page, including proposed sources as well as the sources already approved.

Mayor Haakenson commented the Council has heard impassioned pleas to save particular parts of the budget. He noted Councilmembers would like to avoid all the proposed cuts, but there were \$2 million in cuts in the proposed budget, \$885,000 in the Police Department alone. He noted the Council approved new revenue tonight of \$187,500 and the most available revenue left to the Council was approximately \$250,000. Therefore, the best case scenario, short of a levy lid lift which would not generate any revenue this year, was approximately \$430,000 in total new revenue which would not restore \$2 million in cuts and would not make the Police, Fire or any other department whole. He summarized the City had a revenue problem that the Council could not fix this year as there were insufficient funds available. He emphasized there would be cuts made this year and all departments would not be fully funded.

5. AUDIENCE COMMENTS

Ray Martin, 18704 94th Avenue W, Edmonds, commented he would support a COLA for Mayor Haakenson if the \$25,000 pay raise was rolled back. He recalled Mayor Haakenson's indication that by decision of the Council, only those who did not speak at last week's public hearing regarding budget could speak tonight. Mr. Martin pointed out the Council did not make that decision, Council President Earling made that decision. Mr. Martin indicated he would support a tax increase if there were no cuts made to the Police or Fire Departments. He recommended cuts be made in the funding to the Alliance and the contribution to the Edmonds Community College, as well as eliminating the Salary Commission, and consider implementing a B&O tax.

Roger Hertrich, 1020 Puget Drive, Edmonds, referred to the Street Tree Plan and urged the Council to consider the cost, whether trees and people could actually be accommodated on the City's narrow sidewalks, and whether medians would inhibit rather than enhance traffic flow. With regard to the Transportation Element, he expressed concern with the traffic estimates, particularly the 9th & Casper location where a signal was proposed. With regard to the budget, he indicated approximately \$68,000 between 2001 and 2002 were salary increases for Department Directors and the Mayor. He noted increases for 2003 were projected at

\$50,000 which nearly used all the 1% increase in property tax revenue. He recommended a freeze in salaries, noting most Directors earned approximately \$111,000.

Bruce Nicholson, 9829 Cherry Street, Edmonds, commented a rapid transit system, the Interurban, operated from Tacoma to Everett from 1905 to 1939. He noted the State had gone from that vision in the early years to extremely poor leadership in the State and no funding to solve transportation issues. He recalled the early history of Edmonds, from 1905 – 1940 when business grew rapidly and the City’s boundaries were established. From 1960 – 1975, manufacturing and retail businesses left the City, resulting in a loss of revenue that was never replaced. There was limited retail in the City and the accompanying revenue, yet there were no economic plans for getting out of this dilemma. He submitted written materials and encouraged the Council to read the materials in their entirety. He urged the City to make adjustments to plans, codes, etc. to enhance the business community and encourage businesses to locate in Edmonds. He noted a B&O tax would not encourage businesses to locate in Edmonds.

Ron Wambolt, 530 Dayton, Edmonds, commented the impression the audience had was the only increase in revenues each year was the increase the Council approved. He noted there was also new revenue generated via property taxes on new construction. He estimated approximately considerable tax revenue would be generated by condominiums on the Unocal property.

With regard to Mr. Martin’s comments, Councilmember Plunkett clarified the Council may make a decision via affirmation action or tacit (silent) action. He noted the decision the Council made with regard to public comment on the 2003 budget was via tacit Council action.

In response to Mr. Wambolt’s comments, Councilmember Petso explained new construction generated revenue of less than \$100,000 per year. She acknowledged development on the Unocal property would be an exception to the City’s normal growth rate. She concluded the City could not build its way out of its budget difficulties but needed to identify new revenue sources or raise taxes.

6. **WORK SESSION ON THE DRAFT PUBLIC URBAN DESIGN AND STREET TREE PLAN ELEMENT FOR THE CITY OF EDMONDS. THESE ARE AMENDMENTS TO THE COMPREHENSIVE PLAN DEALING WITH DESIGN STANDARDS AND IMPROVEMENTS FOR THE PUBLIC STREETScape IN DOWNTOWN, ALONG HIGHWAY 99, AND FOR THE GATEWAYS INTO THE CITY**

Parks & Recreation Director Arvilla Ohlde explained that over the past 18 months, staff and she have been working creating a Public Urban Design and Street Tree Plan for the City. She noted this was a team approach that included Parks & Recreation, Public Works, Community Services, and Development Services. She explained the plan identified improvements for the public streetscapes in downtown, along Hwy. 99 frontage, and gateways into the City. The recommendations were sequential and would be carried out over a

long period of time. The Public Urban Design and Street Tree Plan Element would become part of the City's Comprehensive Plan.

Ms. Ohlde explained the documents had been developed via a series of meetings with the Chamber of Commerce, merchants, and local businesses, referring to a letter of support from the Chamber of Commerce. She noted the Draft Public Urban Design and Street Tree Plan was available on the City's web page for citizens to review.

Terry Reckord, MacLeod Reckord Landscape Architects, explained the Street Tree Plan and the Urban Design Study were a product of a single process. He explained the Street Tree Plan was an update of a 1983 plan that categorized, described and selected streets that could be used in rights-of-way in the community and suggesting methods of installation and maintenance and replacement. The Urban Design Study was an attempt to identify and categorize the physical elements in the downtown corridor that contribute to the positive character of Edmonds and expand upon those so that over time, as the City evolves and development occurs, it was done in a cohesive way following recommended guidelines.

Mr. Reckord explained the assumptions in the plan including that the community would support making the downtown commercial area safer, more convenient, and more pleasant to use. He reviewed goals identified in the plan including enhancing the downtown environment for pedestrians thereby enhancing the economic viability of the downtown essentially creating more of an urban village, establishing a stronger connection between downtown and the waterfront area and other attributes unique to Edmonds, enhancing commercial areas outside the downtown core, recognizing gateways, and establishing the City's presence more clearly on Hwy. 99. As there were insufficient resources to examine the entire City, he explained their focus had been on the downtown core area. Tasks included identifying elements downtown that affect how the downtown core would evolve including the identification of six categories of issues having to do with safety, security, comfort, traffic, circulation and aesthetics. He briefly described elements in each of these categories.

Mr. Reckord explained the Urban Design Study included a set of recommended design solutions that identified the issue being addressed, the intent of the recommendation, and specific actions designed to satisfy the intent. Issues addressed included the following:

- **Traffic improvements:** Developing potential service routes downtown and providing service access to businesses downtown and commercial areas as a method of enhancing pedestrian routes.
- **Connections:** Clarifying connections to the waterfront and other destinations around the downtown area.
- **Bikeways:** In addition to the Bikeway Plan in the Comprehensive Plan, identify appropriate routes for bicyclists in the downtown area. Perhaps offering incentives for alternative modes of transportation.
- **Corners:** Expanding on the pedestrian environment, expanding the available space at corners and intersections for signs, handicap access ramps, etc.

- **Crosswalks:** Enhancing the visibility of crosswalks.
- **Medians:** This could be applied over time as opportunities become available. Medians are positive in that they assist in calming traffic, provide refuge for pedestrians crossing a busy arterial, help direct traffic by limiting turning movements, etc. He acknowledged there were space issues associated with medians.
- **Parking:** Identifying opportunities for consolidating existing parking in downtown, but no net loss in parking.
- **Pavement Markings:** Similar to crosswalks, clarify traffic and pedestrian movements.
- **Signage:** Providing clear and consistent signage for motorists and pedestrians. As most signage is designed to be visible from an automobile, improved signage would include inlaid street names at street corners, kiosks, street names on the sides of buildings, etc.
- **Landscaping:** Expanding on existing plantings including street trees, plantings at corners, hanging baskets, seasonable plantings, etc.
- **Sidewalk Design:** Includes curb extensions, paving materials, sidewalk widths, street furniture.
- **Gateways:** Recognize entry points into Edmonds and establishing a clear presence in the south Snohomish County community.

Mr. Reckord referred to a Street Plan Matrix that identified the suggested improvements and their application on various street types. He reviewed the Street Tree Plan, explaining this was an expanded list of trees for use in the downtown area. He clarified the Plan did not suggest wholesale elimination of trees downtown, only replacing trees as they died or as redevelopment occurred. The Plan contained criteria for selection of tree species, a list of different sizes and types of trees for different applications, as well as a list of prohibited trees. The Plan contained a map identifying potential locations for street tree plantings, and also includes recommendations regarding installation and maintenance.

Mr. Reckord explained the intent of the Urban Design Study was that it be distributed to appropriate departments for development of design standards as well as distribution to private developers as they undertake projects that may include improvements in the public rights-of-way. He emphasized the intent was not that any of the recommendations in the Study be undertaken as proactive projects, only that these could be used as sidewalks are replaced, etc.

Responding to Councilmember Petso, Mr. Reckord agreed there were areas where medians would not be appropriate such as areas where turning movements would be severely restricted. Before installing a median, consideration would need to be given to the physical and aesthetic environment.

Councilmember Petso inquired about Mr. Reckord's reference to consolidated parking. Mr. Reckord explained this would apply only to on-street parking; for example, a street where there was a single stall, then a wide driveway, a no-parking zone, another wide driveway, another single stall and another no parking zone; the intent would be to realign the existing stalls. He emphasized there would be no net reduction in the number of stalls.

Councilmember Petso noted the City already had a Bike Plan and asked how this related to that plan. Ms. Ohlde answered whatever was in the Bike Plan was included within and complemented this plan.

Councilmember Petso inquired about implementation of these improvements. Ms. Ohlde explained elements of the plan would be implemented along with other elements of the Comprehensive Plan, when improvements were being made, then these concepts could be integrated into those designs. Further the guidelines can be provided to private developers to use in their work in or adjacent to public areas. She explained there were various ways to fund items like street trees such as the Memorial Street Tree and Bench Program, grants, etc. She emphasized the intent of this document was to provide guidance.

Councilmember Petso inquired whether this would establish a requirement for private developers. Ms. Ohlde answered no, this was not a requirement, and would only be applied in public areas. For example, a developer who was required to do sidewalk improvements may choose to incorporate some element of the guidelines in that public area.

Councilmember Orvis asked whether view protection was considered when selecting tree species for downtown. Mr. Reckord answered tree selection would be on a case-by-case basis, taking into consideration consistency with other trees on the block, views corridors, existing signs, etc.

Councilmember Orvis asked what recourse a resident had if a street tree impacted their view. Ms. Ohlde answered Resolution 418 prohibits cutting trees for views. The intent in the Street Tree Plan was to select species for view corridors whose growth pattern had a limited amount of height.

Councilmember Marin asked what percentage of the trees in downtown were on the prohibited list. Mr. Reckord answered they did not do an inventory but he estimated less than 10%.

Councilmember Wilson pointed out the documents did not address undergrounding of overhead utilities. He referred to a photograph in the document of 5th Avenue which illustrated the benefits of underground wiring. He noted a footnote referenced a fund that was established for undergrounding of overhead utilities, yet the fund contained only \$90, indicating the program had not been aggressively pursued. He preferred the document contain more reference to that program. Traffic Engineer Darrell Smith explained when the City did a street widening project, the PUD was required to relocate their utilities at their own cost. For example

on the 220th Street project, the cost to relocate their power service was estimated at \$750,000. Their estimate to underground power in that corridor was \$3.8 million. In that instance, if the City wanted the wires undergrounded, PUD would provide \$750,000 and the City would be responsible for the remainder.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER MARIN, TO SET DECEMBER 3 AS THE PUBLIC HEARING DATE FOR THE DRAFT PUBLIC URBAN DESIGN AND STREET TREE PLAN. MOTION CARRIED UNANIMOUSLY.

Mayor Haakenson declared a brief recess.

7. **WORK SESSION ON THE UPDATE OF THE TRANSPORTATION ELEMENT OF THE COMPREHENSIVE PLAN**

Traffic Engineer Darrell Smith explained under the Growth Management Act (GMA), the City was required to perform a major update to the Transportation Plan every 6-10 years; the last major update was done in 1995. Mr. Smith explained the draft 2002 Transportation Element update contained additional features such as an Executive Summary, a Traffic Calming Program, and Traffic Concurrency Management (establishes traffic mitigation requirements).

Mr. Smith explained that as a result of the recent passage of I-776, the City could lose \$8.6 million over the next 20 years, requiring many projects and programs to be reduced or eliminated from the Transportation Element or additional funding sources identified and implemented.

Ron Loewen, Bucher, Willis & Ratliff, explained changes had been made to the goals and objectives, to the organization of the Plan and its content. The current goals and objectives were updated by reviewing other municipalities and looking at Washington State Department of Transportation's goals and objectives. There was material added to the goals and objectives with regard to circulation and new development particularly concurrency. The sidewalk construction policy was expanded particularly with regard to frontage improvements, and additional goals and objectives were added with regard to public transit. Four new categories were added – streetscape, capital facilities, traffic calming and air quality.

Mr. Loewen explained an Executive Summary was added to the beginning of the Plan at the request of the Planning Board. The introduction was improved, the inventory expanded, a travel forecasting model was added, the system analysis was enhanced, and a recommended Plan was developed that includes traffic calming as well as substantial additions to the walkway plan and the bike plan.

Mr. Loewen explained when 16 of the busiest intersections in Edmonds were analyzed, intersections with a Level of Service (LOS) D, they found a number of the intersections were failing. Their analysis also considered accident data to identify locations with the highest incidents of accidents. They also developed a travel forecasting model that considered existing conditions and future growth on major roadways. The model identified moderate traffic increases on a number of roads throughout the City. By applying those traffic increases to the 16 intersections, they learned in 2008, nine of the 16 intersections would be failing and in 20 years, 13 of the intersections would be failing absent additional improvements.

Mr. Loewen indicated they considered a number of projects that would solve traffic difficulties, projects that were gathered by staff, public meetings, and their own field investigation. By applying an evaluation matrix with a number of subjective and objective criteria, they were able to develop a prioritized list of projects including a number of signals on 9th Avenue, improvements on 220th from 9th to 84th, on 84th from 212th to 238th, on 238th from 84th to SR 104, and intersection improvements due to capacity problems on 76th at the City limits, at 212th, and at 196th. He identified intersections with the potential for roundabouts which eliminated signal maintenance costs and provided a continuous flow of traffic.

Mr. Loewen explained they also considered the City's classification system and recommended a number of changes. They compared the City's classification system to the federal classification system and determined there were a number of roadways that should be considered for reclassification including a number of residential streets that function as collectors/arterials.

Mr. Loewen stated that after they applied the classification changes and the proposed improvements over a six year period, they were able to resolve nearly all the level of service conditions, with only the intersection of Hwy. 99 at the south City limits remaining at LOS F. In 20 years, they were able to resolve all level of service conditions, although intersections on Hwy. 99 and SR 104 continue to be problematic. He noted improvements to bring those intersections above LOS E would be very substantial, requiring major road widening, etc.

Mr. Loewen explained next they worked with a Citizens Advisory Committee on walkways and via that process, a number of locations for potential walkways were identified. A matrix of these walkways was established and the projects ranked to establish a list of recommended walkway projects. Mr. Loewen explained one of the new sections in the document outlines a traffic calming program. This section identifies the procedure that would be followed by City staff when they receive requests from citizens for traffic calming devices.

Mr. Loewen highlighted the recommended Plan includes additional bikeways, transit guidance, transportation management strategies, a capital program of over \$36 million, asphalt overlay of \$5 million in a 20 year timeframe, and traffic calming projects. He displayed a pie chart illustrating the proposed distribution of capital funds. Mr. Loewen explained revenue sources included a motor vehicle fuel tax as well as a number of other sources such as the motor vehicle registration fee and new mitigation fee of approximately \$600-\$800 per PM peak hour trip.

Mr. Loewen concluded that by October a Plan had been developed that was comprehensive, was multimodal, met GMA requirements, was balanced financially and then I-776 passed. The immediate impact of the passage of I-776 was a loss of \$8.6 million to the City over 20 years. He displayed options for rebalancing the plan such as increasing expected revenue, considering new revenue sources, reducing capital improvements, and modifying the City's land use plan. In an initial effort to balance the Plan, they reduced the overlay by \$2.2 million, reduced traffic calming by \$340,000, reduced the walkway program by \$1 million, and reduced/eliminated 13 roadway projects in the amount of \$4 million. He commented another consequence of the loss of \$8.6 million was a loss of matching funds for grants. Potential funding sources to compensate for the loss of \$8.6 million over 20 years may include a levy lid lift of \$0.05 per \$1,000 of assessed value, maximizing mitigation fees, exploring a street utility fee or other mechanism, equivalent, and/or reducing capital programs.

Councilmember Petso inquired about concurrency, recalling in King County if an intersection was below LOS E or F, no growth was allowed in that area. **Randy Young, Henderson & Young**, explained once standards were established, a possible outcome of a developer exceeding the standards was to prohibit growth; another solution was to have a plan that identified what the intersection looked like with and without improvements and allow development to occur if funding was available to make those improvements within six years.

(Council President Earling left the meeting at 10:27 p.m.)

Councilmember Petso referred to the intersection of SR 104 & Meridian which even under the new plan would continue to be LOS F, asking how the City could continue to add growth in this area as well as ferry traffic when the intersection was already at LOS F. Mr. Smith answered that because SR 104 was a highway of statewide significance, concurrency did not have to be applied to that route. The intersection was allowed to be a mitigated LOS F which required development mitigate for their traffic impacts to the system. He commented that even if the City did not allow any further growth, traffic volumes would continue to grow due to pass through traffic on Hwy. 99 and from the ferry. Mr. Loewen advised the Plan included improvements to help the situation at that intersection but substantial improvements would be required to raise the intersection to LOS D.

Councilmember Petso inquired how mitigation fees could be increased. Mr. Young answered it would begin with a policy decision and then staff would determine which projects were eligible. Councilmember Petso asked what projects would be eligible for such a fee. Mr. Loewen answered projects in areas where there was a level of service failure such as on 9th and projects on 76th. Mr. Young clarified GMA allowed mitigation fees to mitigate the impacts from new development but to the extent a problem already exists, those problems could not be funded via mitigation. Mr. Smith advised only projects reviewed under SEPA qualified, however, there were a number of smaller projects that did not contribute to transportation improvements.

Councilmember Petso asked whether Westgate was the type of intersection for which mitigation could be charged. Mr. Smith answered the only signal/roundabout that would not qualify was at 212th & 80th because the focus of that project was auto/pedestrian safety issues. Mr. Loewen clarified mitigation was not collected only for intersections; there were also roadway segments that may be eligible.

Councilmember Petso asked whether mitigation could fully fund improvements or only make a contribution. Mr. Loewen answered they could only contribute; they could not fund a portion of a project that represented an existing deficiency. Even if 100% was attributable to development, a provision in the RCW prohibits funding 100% from mitigation.

Councilmember Petso commented the Westgate intersection did not function well on Friday afternoons or on Sundays during the summer due to ferry traffic. She noted this intersection was also impacted when ferries unloaded, and inquired whether Washington State Ferries could be required to stagger the off-load. Mr. Smith suggested consideration be given to interconnecting signals on SR 104. He did not support lowering the City's standards for level of service.

Councilmember Petso asked whether there was something that should be included in the Transportation Plan that would require staggered release of ferry traffic. Mr. Smith answered he was uncertain and could investigate the issue further. Mr. Loewen suggested including a policy regarding working with the Washington State Ferries.

Councilmember Orvis expressed concern with upgrading local roads to collectors. In reviewing the roads suggested to be upgraded, he preferred to discourage traffic on some of those roadways, yet in this plan they would be reclassified as arterials. Mr. Smith used the example of 80th Avenue which although a residential street was used quite heavily. Further, as a residential street, 100% of the burden for the flows, safety, sidewalk improvements, etc. were the City's responsibility. If the street was reclassified as a low-level collector, it would be eligible for federal and state funds. He clarified the intent was not to put more traffic on streets such as 80th; the streets identified for reclassification were streets that currently had appropriate volumes.

Councilmember Wilson urged Mr. Smith to coordinate with planning and land use elements because if intersections failed and residential development was not allowed to continue, this could impact the City's ability to accept its population growth under GMA. If the City did not comply with the requirements of GMA such as accepting its population growth, the State could find the City was not in compliance and deny all State funding. Mr. Young noted on paper, it appeared that could happen; in reality there were jurisdictions that have proven that did not happen. He noted the State has given jurisdictions some of the tools to accomplish GMA goals such as concurrency to consider the performance of cities' systems, population and housing forecasts, but the State has not provided the money to pay for the fixes.

For Councilmember Wilson, Mr. Loewen explained there may be portions of a project that are eligible for mitigation.

Councilmember Wilson inquired about level of service analysis for roadway segments. Mr. Smith described challenges with determining level of service on roadways. Mr. Young answered the most common practice in the region is to customize acceptable levels of service at different intersections.

Mayor Haakenson advised a public hearing would be held on December 3.

8. MAYOR'S COMMENTS

Mayor Haakenson wished everyone a Happy Thanksgiving.

9. INDIVIDUAL COUNCIL REPORTS ON OUTSIDE COMMITTEE/BOARD MEETINGS

Councilmember Wilson reported on the Port of Edmonds meeting he attended which included discussion of the Beach Ranger program. The Port has asked Parks & Recreation Director Arvilla Ohlde to speak to the Port Commission regarding that issue.

Councilmember Marin reported he was instrumental in making a motion at the Snohomish County Health District Board to include planning for control of the West Nile virus next year.

With no further business, the Council meeting was adjourned at 10:55 p.m.