

EDMONDS CITY COUNCIL APPROVED MINUTES

November 20, 2012

The Edmonds City Council meeting was called to order at 6:00 p.m. by Mayor Earling in the Council Chambers, 250 5th Avenue North, Edmonds.

ELECTED OFFICIALS PRESENT

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

STAFF PRESENT

Al Compaan, Police Chief
Jim Lawless, Assistant Police Chief
Stephen Clifton, Community Services/Economic
Development Director
Phil Williams, Public Works Director
Shawn Hunstock, Finance Director
Carrie Hite, Parks & Recreation Director
Rob Chave, Interim Development Services Dir.
Carl Nelson, CIO
Renee McRae, Recreation Manager
Kernen Lien, Senior Planner
Jeff Taraday, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. ROLL CALL

City Clerk Sandy Chase called the roll. All Councilmembers were present with the exception of Councilmember Johnson.

2. CONVENE IN EXECUTIVE SESSION REGARDING POTENTIAL LITIGATION PER RCW 42.30.110(1)(i)

At 6:00 p.m., Mayor Earling announced that the City Council would meet in executive session regarding potential litigation per RCW 42.30.110(1)(i). He stated that the executive session was scheduled to last approximately 60 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. No action was anticipated to occur as a result of meeting in executive session.

(Councilmember Johnson arrived at 6:01 p.m.)

Elected officials present at the executive session were: Mayor Earling, and Councilmembers Yamamoto, Johnson, Fraley-Monillas, Buckshnis, Peterson, Petso and Bloom. Others present were City Attorneys Jeff Taraday and Sharon Cates, Public Works Director Phil Williams, City Engineer Rob English, Henry Spieker, Consultant, and City Clerk Sandy Chase.

The executive session concluded at 6:33 p.m.

Mayor Earling reconvened the regular City Council meeting at 7:00 p.m. and led the flag salute.

3. **APPROVAL OF AGENDA**

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

4. **APPROVAL OF CONSENT AGENDA ITEMS**

Councilmember Buckshnis requested Item B be removed from the Consent Agenda.

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

- A. **APPROVAL OF CITY COUNCIL MEETING MINUTES OF OCTOBER 30, 2012.**
- C. **APPROVAL OF CLAIM CHECKS #135276 THROUGH #135398 DATED NOVEMBER 8, 2012 FOR \$866,660.11, AND CLAIM CHECKS #135399 THROUGH #135519 DATED NOVEMBER 15, 2012 FOR \$773,414.44. APPROVAL OF PAYROLL REPLACEMENT CHECK #51800 FOR THE PERIOD OCTOBER 16, 2012 THROUGH OCTOBER 31, 2012.**
- D. **ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES FROM JO ELLEN GREGOR (\$1,447.49).**
- E. **MEMORANDUMS OF UNDERSTANDING (MOU) FOR SEIU & TEAMSTERS' UNIONS FOR THE 2012 MEDICAL INSURANCE ARTICLE REOPENER NEGOTIATION OF THE CHANGE TO THE UNITED HEALTHCARE (UHC) MEDICAL INSURANCE PLAN EFFECTIVE 2013.**
- F. **AUTHORIZATION TO CONTRACT WITH JAMES G. MURPHY TO SELL SURPLUS CITY VEHICLES.**
- G. **REQUEST FOR BID: WASTEWATER TREATMENT DISINFECTION AND ODOR CONTROL CHEMICALS.**
- H. **AUTHORIZATION FOR THE MAYOR TO SIGN AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF LYNNWOOD AND THE CITY OF EDMONDS FOR JOINT FUNDING OF THE RECYCLING COORDINATOR.**
- I. **QUARTERLY REPORT REGARDING FIBER OPTIC OPPORTUNITIES.**
- J. **CAPITAL ASSET POLICY.**
- K. **BANKING SERVICES RFP RECOMMENDATION.**
- L. **RENEWAL OF INTERLOCAL AGREEMENT WITH OKANOGAN COUNTY FOR JAIL SERVICES.**
- M. **RENEWAL OF CONTRACT FOR SERVICES WITH S. MORRIS COMPANY.**
- N. **AUTHORIZATION FOR MAYOR TO SIGN A \$67,112.90 GRANT FROM THE STATE THROUGH THE SALMON RECOVERY BOARD (SRFB) AND THE RECREATION AND CONSERVATION OFFICE (RCO) FOR A LIMITED FEASIBILITY STUDY FOR THE DAY LIGHTING OF WILLOW CREEK FROM THE EDMONDS MARSH TO PUGET SOUND.**

- O. **REPORT ON FINAL CONSTRUCTION COSTS FOR THE RELOCATION OF PRIVATE ELECTRICAL SERVICES FOR THE MAIN STREET IMPROVEMENTS (5TH AVE - 6TH AVE) AND ACCEPTANCE OF PROJECT.**

ITEM B: APPROVAL OF CITY COUNCIL MEETING MINUTES OF NOVEMBER 5, 2012.

Councilmember Buckshnis pulled this item to abstain from the vote.

COUNCILMEMBER PETSO, MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE ITEM B. MOTION CARRIED (6-0-1), COUNCILMEMBER BUCKSHNIS ABSTAINED.

5. PROCLAMATION HONORING VETERAN NICHOLAS MCCALLON.

Mayor Earling commented Mr. McCallon is associated with Operation Military Family which is based in Edmonds, a veteran and an outstanding example of citizenship. Mayor Earling read a proclamation asking all citizens of Edmonds to join him in honoring and thanking Veteran Nicholas McCallon for his service to this country, his fellow veterans, and his community, and in congratulating Nick, Felicia and their oldest son Colton on the arrival of the newest addition to their family.

Mr. McCallon said it was a great honor to receive this proclamation; he was just doing the right thing, doing what anyone else would have done in that situation. He thanked his wife; without her, he would not be where he is now. He also thanked everyone at Operation Military Family for taking him in and making him a part of their family, being a huge inspiration in his life, and helping shape him into the person he is today. He thanked the Edmonds community for everything that has been offered to him on his return home.

6. AUDIENCE COMMENTS

Fred Breske, Edmonds, spoke regarding property they purchased in Edmonds that they have been trying to develop. He relayed a condition cited by Public Works Director Phil Williams that stormwater must be diverted from a City drainage pipe onto their building lot located at 9330 218th Place SW to the maximum extent possible. This condition must be met in order to obtain a building permit for a single family home on the site. Mr. Breske asserted this was a taking of private property for public use without just compensation in violation of the 5th Amendment. He questioned what other property had to divert water from the City's stormwater drainage system onto private property as a condition to obtain a building permit. If the City wants the lot as a stormwater depository, they are willing to discuss selling the lot to the City. Otherwise the City needs to release the illegal restriction on the property. They paid \$220,000 for the lot in 2007. He summarized there is no benefit to either party for continuing this situation. The City acknowledges the system is defunct and has installed a bypass, yet they cannot use the bypass system for their stormwater drainage system.

Donna Breske, Edmonds, commented the \$220,000 they brought to Edmonds in 2007 was the worst decision of her life. They have been unable to obtain a building permit and have been asked to divert water from the City stormwater drainage system onto their lot as a condition of development. The surrounding area from which they are to divert water consists of City streets, rooftops, public roads, all built in 1961. She referred to a drawing. She cited a grandfather date of July 7, 1977 in the City code related to stormwater control requirements and a statement in the code that any impervious area created prior to this date is exempt from the mandates of stormwater control. Per Mr. Williams, in order to obtain a building permit for a single family house located on the vacant lot at 9330 218th Place SW, stormwater from the City's drainage system must be diverted onto their lot to the maximum extent practicable. She asked how the requirement for them to divert stormwater from the City system onto their private lot without payment did not equate to a taking and how it is consistent with the grandfather date in the code.

She has not been able to get this question answered in a meeting with Mayor Earling in February or by Mr. Williams for over a year.

Steve Bernheim, Edmonds, commented on the length of tonight's agenda packet, 998 pages. He looked forward to the Port's presentation, noting he submitted written comments. He commented stormwater was a factor in that development. With regard to the budget, he was uncertain whether an additional employee in Public Works was needed. He referred to the Council rules of procedure, commenting they provide structure for any procedural conflicts. Roberts Rules of Order are the most common and are fair and unbiased. Rules of procedure could address many of the questions that continually arise. He relayed his utmost confidence in the Council doing their job and looked forward to Councilmembers improving their relationships.

Elliott Shaw, Edmonds, explained when he took over a project at 155 3rd Avenue about 3 years ago, he was told the City was adamant about building heights and would not grant him a variance. He was required to cut the building down 1½ inches. Now the Port is proposing height limits of 35, 45 and 55 feet. One of the reasons he bought the project on Dayton was the view. He was uncertain what the Port was proposing and said the public should be able to pick up a flyer or look at a screen and see what is being proposed. He summarized it was not right that residents who have a view of the Olympics are not aware of what the Port is proposing. He asked if any Councilmembers had views; Mayor Earling said he has a view. Mayor Earling asked Community Services/Economic Development Director Stephen Clifton to provide Mr. Shaw the link to the information and the work that has been done to date. Councilmember Fraley-Monillas suggested staff also provide Mr. Shaw information regarding the process.

Ken Reidy, Edmonds, commented he has looked at the Breske's situation at length and does not understand why they are not allowed to develop their property and why private property is required to serve a public purpose. If the City needs the property for a public purpose, the City should exercise eminent domain and compensate the Breskes for the property. The Breskes purchased the property trusting that they could develop it but instead have had a nightmare experience.

Roger Hertrich, Edmonds, commented he has attended a few Planning Board meetings regarding Harbor Square; the Planning Board has done a lot of good work and gathered a lot of good information. However, the Planning Board is being asked to approve a 55-foot building height in the Comprehensive Plan. He pointed out Mr. Shaw's building would be behind buildings on the Port that are higher than he anticipated when he purchased the building. Although Planning Board meetings are very informative, the general public is not well informed. He recommended the City budget funds to advertise large projects that change the City's structure. He suggested the public contact the Council to indicate whether or not they support 55-foot building heights. He cited water problems that occur in the Harbor Square area during heavy rains. With regard to the Breske's situation, he recommended the City purchase the property rather than create another problem for citizens.

Ron Wambolt, Edmonds, referred to comments made by previous speakers that make it sound like the redevelopment of Harbor Square is a new revelation and that citizens have been kept in the dark. He pointed out the Port did two brochure mailings to all citizens and there has been excellent communication regarding the issue.

7. PUBLIC DEFENDER ANNUAL REPORT

Public Defender Jim Feldman referred to a letter he provided to the City. He reported 2011 and 2012 were unremarkable and similar to past years. The primary issue is the State Supreme Court ruling regarding caseload limitations that identify the number of cases a public defender can handle in a one year period. That number is substantially less than public defenders have historically handled. He has mailed information to the City indicating they would need to have 3-4 public defenders for the City caseload;

working with the City Attorney, Zachor & Thomas and Judge Fair, that was reduced to 1.6 - 2 public defender positions. He has heard that cities may try to get the Supreme Court to change their decision but until that happens, lawyers are required to adhere to the rules. The Supreme Court mandate will also require public defenders to consider cases for which they historically have not billed. In the past they have done in-custody hearings and review hearings on a flat fee basis and not charged on a per-case basis; that will change with the Supreme Court's rule. Their proposal is to offer the City a per attorney cost and it would be up to the City to control that cost by reducing the number of cases that are assigned to the public defender.

Councilmember Buckshnis referred to the information Mr. Feldman provided, commenting he had not indicated which of the 600 cases are weighted and unweighted. Mr. Feldman responded those were all unweighted cases as cases were not weighted in the past. The Supreme Court requires they send a case weighting system to the Office of Public Defense for their review; his and Judge Fair's analysis determined 1.6 lawyers will be required which is approximately 460-500 weighted cases.

Councilmember Buckshnis pointed out with the passage of the marijuana law, certain cases were dropped. Mr. Feldman answered they have not been dropped yet but they will be. That is not a significant number of cases. He commented on the difference in the way cases will be counted; for example in the past people who pled guilty in custody were not counted; people who came for review hearings and did not have an attorney and the public defender spoke on their behalf were not counted. In the past the City paid a lump sum fee to handle the calendar; the Supreme Court will now require those cases to be counted toward the amount that can be handled by an attorney. Councilmember Buckshnis suggested Judge Fair describe the new system to the Finance Committee.

Mayor Earling expressed his appreciation for Mr. Feldman meeting with Judge Fair to develop a formula. Once an agreement is reached, it will be presented to the Council for discussion regarding a weighted caseload. Mr. Feldman said they provide public defender services for eight cities; they have asked all the cities to have a final plan in place by July 2013 to allow them to hire and train staff and secure facilities. The Supreme Court requirements are effective October 1, 2013.

8. PROSECUTOR ANNUAL REPORT

Jim Zachor, Zachor & Thomas, commented he has enjoyed being the City's prosecutor since 1995. He sympathized with Mr. Feldman and the Supreme Court's ruling, commenting they were not in favor of it. The ruling will greatly impact the ability of many young lawyers doing private defense work to practice law. He explained they provide prosecutor services for ten other cities and are special counsel for Snohomish County. He also highlighted the fact that Edmonds' police force write outstanding reports.

With regard to forfeitures, Mr. Zachor explained years ago drug and felon forfeitures were initiated by the county. A few years ago, they began doing forfeitures on drug and felon cases, producing a steady flow of money to cities. He recognized Sergeant Blackburn for his assistance. For example, 3 years ago Edmonds earned \$3,000 in forfeitures; 2 years ago the City earned \$11,000 and this year the amount is 3 times that. Forfeitures are property and money taken from drug dealers; vehicles are sold or used by the Narcotics Task Force. In conclusion, Mr. Zachor reported they have expanded their firm to include 7 attorneys.

Melanie Thomas Dane, Zachor & Thomas, expressed her pleasure working with Edmonds for the past 11 years. She prosecuted the City's cases for a number of years; recently Rachel Hunter has taken the lead on in court cases; they work closely with the Police Department, Sergeant Blackburn and Chief Compaan. She referred to the recent amendments to the animal control ordinance as a result of working with Sergeant Blackburn and the City Attorney. She identified new attorneys in their firm, Jonathan Luke and Crystal Fry.

Ms. Dane reported they continue to prosecute cases on a daily basis including trials, video court, and arraignments. Initiative 502 includes the decriminalization of personal use of marijuana. Their office, along with other cities and city attorneys, is determining how best to resolve existing cases. This includes determining if the defendant is under 21 as it is still a crime to possess marijuana under the age of 21. It also strengthens the DUI laws, eliminating some of the mystification regarding marijuana DUIs and solidifying on the per se level when someone has committed the crime of DUI when under the influence of THC. Edmonds has amazing officers who recognize those signs.

Ms. Dane explained they continue to address the new public defender standards; she has reviewed information with Judge Fair as well as city attorneys and AWC to determine a workable policy, keeping in mind the financial impact of caseloads and ensuring defenders are held accountable for crimes committed in the City. She summarized their attorneys are always available to answer questions.

Councilmember Buckshnis thanked Zachor & Thomas, commenting she has been working closely with them on the dangerous dog law. She referred to a new sign she saw today, “don’t drug and drive.” Ms. Dane acknowledged it will be an interesting challenge, a new way of thinking about the law; jury instructions will have to be changed, the element of the crime of DUI will change slightly, etc.

9. PRESENTATION REGARDING THE HARBOR SQUARE MASTER PLAN.

Senior Planner Kernen Lien explained the Port of Edmonds has submitted a request to the City of Edmonds to incorporate the Port’s Harbor Square Master Plan into the City’s Comprehensive Plan (Attachment 1 of the Council agenda memo). The Port envisions a mixed use development including retail, commercial, office, public uses, and residential development. While the Harbor Square Master Plan contains some language on the types of uses to be allowed and building heights, the request is not for a rezone and is not a project level proposal. However, incorporating the Port’s Harbor Square Master Plan into the Comprehensive Plan would lay the foundation for a future rezone and/or development agreement for the Harbor Square property to support a mixed-use transit oriented development.

A Comprehensive Plan amendment is a Type V legislative action (ECDC 20.01.010). The Planning Board holds public hearings and makes a recommendation to the City Council. The Planning Board has reviewed the Harbor Square Master Plan over six meetings and discussed it at a subsequent meeting. The City Council can consider the Planning Board’s recommendation at a public hearing (scheduled for December 4). Public notice is required for Type V legislative actions. The notice provided to date includes notice of the public hearing before the Planning Board and SEPA notice. The City typically publishes notices in the newspaper, posts on site, posts in the Public Safety Building, library and City Hall. Mailed notice is generally to property owners within 300 feet. Given the location of Harbor Square, there were limited property owners within 300 feet so the City expanded its mailing notice to an area from James Street up Dayton to 5th to SR 104 and down to the waterfront. That mailing list included approximately 1100 addresses. The Port has also done mailings to all Edmonds and Woodway addresses. Final action by the Council is by ordinance or resolution.

Pursuant to ECDC 20.00.050, an amendment to the Comprehensive Plan may be adopted only if the following findings are made:

- The proposed amendment is consistent with the provisions of the Edmonds Comprehensive Plan and is in the public interest.
- The proposed amendment would not be detrimental to the public interest, health, safety or welfare of the City.
- The proposed amendment would maintain the appropriate balance of land uses within the City.

Harbor Square is located within the Downtown/Waterfront Activity Center and the site itself is within the Downtown Master Plan district. The Downtown Master Plan district is described as:

Downtown Master Plan. The properties between SR-104 and the railroad, including Harbor Square, the Edmonds Shopping Center (former Safeway site), and extending past the Commuter Rail parking area up to Main Street. This area is appropriate for design-driven master planned development which provides for a mix of uses and takes advantage of its strategic location between the waterfront and downtown. The location of existing taller buildings on the waterfront, and the site's situation at the bottom of "the Bowl," could enable a design that provides for higher buildings outside current view corridors. Any redevelopment in this area should be oriented to the street fronts, and provide pedestrian-friendly walking areas, especially along Dayton and Main Streets. Development design should also not ignore the railroad side of the properties, since this is an area that provides a "first impression" of the city from railroad passengers and visitors to the waterfront. Art work, landscaping, and modulated building design should be used throughout any redevelopment project (pg. 55).

More information on the Downtown/Waterfront Activity Center and the type of developments that should occur in this area is described on pages 42 through 60 of the Comprehensive Plan. The proposal must also be consistent with the Sustainability Element of the Comprehensive Plan. Other review considerations include:

- State Environmental Policy Act (SEPA)
- Shoreline Master Plan (SMP) Update

With regard to the SMP update, Mr. Lien explained there has been a major change this year with designation of the Edmonds Marsh as shoreline, which means the shoreline jurisdiction extends 200 feet beyond the edge of the Marsh which incorporates some of the Harbor Square site. Previously the Edmonds Marsh was considered an associated wetland and shoreline jurisdiction ended at the edge of the Marsh. As part of the SMP update, a new shoreline environment was developed that applied to Harbor Square.

The City is required by the State's Shoreline Management Act to "consider all plans, studies, surveys, inventories, and systems of classification made or being made by federal, state, regional, or local agencies, by private individuals, or by organizations dealing with pertinent shorelines of the state (RCW 90.58.100(1)(c))."

A concern expressed by the Planning Board was that the City was considering this new environment (which envisioned a redeveloped Harbor Square) before the Port of Edmonds had presented its redevelopment vision to the City. As a result, the SMP update was stalled to allow the Port of Edmonds time to submit the Harbor Square Master Plan to the City.

Mr. Lien relayed the Planning Board's recommendation to incorporate the Harbor Square Master Plan into the City's Comprehensive Plan (attachment 2 of the Council agenda memo). The Planning Board also made 14 specific recommendations for Council consideration.

Planning Board Chair Phil Lovell explained the intent of this commentary was to strengthen the tenor of the Planning Board's findings with respect to the Port's Master Plan and to pass along some of the organizational undertakings of the Board's deliberation of the Plan. He relayed the Planning Board's sincere thanks to the City's professional staff, the Port and their consulting team, and the public for their hard work and assistance to the Board in reviewing the proposed master plan. He summarized the Planning Board's commentary in three major categories:

- Overall summary
- Depth of review by the Planning Board
- Public input to date in the process

Overall Summary

The Planning Board's findings and recommendations are contained within the City memorandum File Number AMD20110009, dated October 24, 2012 as signed by Board Vice-Chair, Valerie Stewart. In addition to background data, this memo includes staff findings relative to the City's Comprehensive Plan as well as a listing of 14 specific conditions developed by the Planning Board accompanying the recommendation to the Council that the Port's plan be added to the City's Comprehensive Plan. The Planning Board believes that the Port's plan as amended by the conditions will provide a strong and conforming base for potential future development of the Harbor Square property while preserving both the character and attractiveness of this city's most valuable asset, our downtown-waterfront area.

Depth of Planning Board Review

The Planning Board undertook an extensive review of the Port's proposed master plan beginning with the Port's introduction of the plan to the Board on July 25th. The Board devoted substantial time at no less than six public meetings covering data collection and sharing, analysis, discussion, and deliberation, with both Port and public participation virtually throughout. The depth of review and resultant summaries of these meetings are contained within the published minutes of Planning Board meetings. Critical meetings such as the public workshop held with the Port on August 22 have been videotaped and should still be available. Additionally, audio recordings of the Board's discussions are available for all of meeting deliberations. On occasion, various Councilmembers have shared that they enjoy reading the minutes to our meetings because of the depth and scope of our deliberation on various issues.

In addition to the seven Planning Board meetings and volume of material prepared and presented, Board Members took a three hour Port-hosted walking tour of the Harbor Square site during which they learned much with regard to this section of the City including but not limited to such aspects as:

- Site access and egress
- Existing buildings and tenants
- Relationship to Edmonds Marsh
- Parking and traffic
- Drainage
- Site history
- Walkability
- Landscaping and buffer zones
- Streetscape, view corridors and characteristics
- Relationship to the downtown core
- Relationship to the antique mall site across Dayton

Furthermore, some Board Members toured developed areas outside of Edmonds in order to expand the scope of thinking and discussions, specifically Mill Creek Town Center and downtown Kirkland.

The Board believes they have addressed every aspect of the Port's Master Plan as to appropriateness and in particular, with respect to conformity to the City's Comprehensive Plan. He relayed the same caution to the Council that was provided to them that greatly helped their review process. First, this is not a project or development proposal; by incorporating the Port's Master Plan into the City's Comprehensive Plan, it only lays the foundation for a future potential rezone and/or development agreement for the property to support a mixed use concept. Any future development agreement would be subject to further public participation and Council approval as well as project level environmental review.

Second, the Board tried to avoid straying "too deeply into the weeds" by over-analyzing or over-designing individual aspects or characteristics covering desired details to the master plan concept. At times, they wondered if they would ever complete discussion or reach concurrence on certain aspects of

the Port's plan, in particular the matter of building heights. Again, he suggested the Council begin by reading the journey of the Board's review, which may save themselves some time.

Public Input to Date in the Process

The Port has been working a master planning process for potential future development of Harbor Square since the end of 2009 when their Phase I Feasibility Study was completed. Their planning process has included continuous and active public input including a steering committee, numerous public meetings and workshops, EDC and Planning Board briefings, and a more formal public hearing prior to the Port Commission's unanimous adoption of the completed plan on June 25, 2012.

In addition to completing their review of the Port's proposed master plan, following the public hearing and related discussions during the November 14 regarding the City's SMP update, the Planning Board approved forwarding a recommendation to Council. The Planning Board urges the Council to review this update concurrently with the Port's plan primarily because adjustments to the SMP update are recommended to accommodate State DOE determination that shoreline jurisdiction now extends into portions of the Edmonds Marsh.

Chair Lovell relayed the Planning Board's thanks to all the organizations, staff, and the public for their valuable input and assistance in reviewing the Port's proposed Master Plan. Incorporating the Master Plan with the Board's accompanying recommendations into the City's Comprehensive Plan will allow a new vibrant neighborhood to be created, thereby contributing to the economic, social, and environmental well-being of Edmonds, and in particular to its most valuable asset, the waterfront.

Councilmember Fraley-Monillas relayed her understanding there was not agreement among Planning Board Members on the recommendation. Chair Lovell answered the Board took separate votes on each of the 14 recommendations. He was out of the country for two of the October meetings. One of the recommendations regarding building heights had a 5-2 vote (5 in favor and 2 opposed). He referred to Planning Board Vice Chair Valerie Stewart's email that explained the vote is also documented in the Planning Board's October 24 minutes. The vote on all 14 conditions was also 5-2 or 6-1.

Mr. Lien explained the first condition was related to building heights, "building heights shall be limited to 45 feet and consideration may be given for heights up to 55 feet if development proposal includes significant public amenities and/or sustainable design certification such as LEED platinum." One Planning Board Member was opposed to a 55-foot height limit; the other Planning Board Member who voted against this condition wanted to delete "or" in the "and/or" statement. The second condition that did not receive a unanimous vote was, "buildings along Dayton Street should be limited to 35 feet in height." Some Planning Board Members wanted "should" to be changed to "shall." The overall vote on the recommendation was recorded in the minutes as 6-1.

Councilmember Buckshnis asked if the Planning Board has considered the concept of development agreements yet, recalling the Economic Development Commission discussed development agreements last year. Chair Lovell answered the Planning Board has not attempted to draft guidelines related to development agreements. Over a year ago he suggested a workshop with potential developers but that has not occurred. He offered to identify resources for a workshop. He summarized the Planning Board has done nothing related to a development agreement for Harbor Square as it is too soon for that and the Planning Board has not yet discussed guidelines for development agreements.

Councilmember Buckshnis observed the Planning Board's recommendation does reference a developer engaging in a development agreement with the City. Chair Lovell explained the recommendation states should a developer be hired by the Port, there may be a development agreement. At that point in the process, the City could include specific conditions related to amenities, tradeoffs, etc.

Councilmember Buckshnis asked when the minutes of the Planning Board's review of the SMP will be available. Mr. Lien advised a SMP update webpage is available on the Planning Department's webpage. It includes the Harbor Square Master Plan and links to minutes and materials related to the Planning Board's review.

Bob McChesney, Executive Director, Port of Edmonds, on behalf of the Port Commission and their team, thanked the City Council, Mayor Earling and staff for this opportunity to present a concept contemplated by their process for future redevelopment of Harbor Square. The Port's application for a Comprehensive Plan amendment was presented in July 2012 followed by extensive review by the Planning Board. The Port is requesting the Council approve a Comprehensive Plan amendment to enable the Harbor Square redevelopment process to continue. The process followed to date has been open, transparent and respectful to all public input.

Mr. McChesney explained the Port mailed brochures to all residential addresses in Edmonds twice earlier this year. There have also been mailings through their and the City's SEPA review process and information posted on the Port's webpage. The Port is encouraged by the Planning Board's recommendation and he extended their thanks to the Planning Board. The process validates the plan, representing not a conclusion but a new beginning for revitalization of Edmonds front yard and creating a new neighborhood. The master plan has much to offer and many good reasons for supporting it. He relayed many of the themes and concepts that will be presented are reminiscent of the ideas for community excellence described by Roger Brooks in his recent presentation.

Mr. McChesney explained the proposed Harbor Square Master Plan Comprehensive Plan amendment offers:

- A mixed-use transit oriented neighborhood on the waterfront
- Increased pedestrian activity in Downtown
- Preserves and enhances the Edmonds Marsh
- Meets and exceeds City sustainability goals
- Expands cultural amenities
- Provides a long term revenue stream to the City

Bill Trimm, FAICP, explained the impetus for the Harbor Square Master Plan began with key strategies, goals and policies in the City's Comprehensive Plan, primarily the Downtown Waterfront Activity Center and Waterfront District. He referred to policies in the Downtown Master Plan, "Between SR-104 and the Railroad...is appropriate for a design-driven master planned development which provides for mixed uses and takes advantage of its strategic location within the waterfront and downtown." He cited another long term strategy in the City's Comprehensive Plan, "Redevelop the area from the east side of SR 104 to the railroad tracks, from Harbor Square to Main Street, according to a mixed use master plan."

Mr. Trimm reviewed the multi-phased planning process:

- Phase I: Baseline Information / Public Outreach - November 2009-May 2010
- Phase II: Plan Preparation / Public Outreach - September 2010-June 2012
- Phase III: City Review and Action - July 2012-December 2012

Mr. Trimm explained Phase I of the process began with production of a report, Port of Edmonds Harbor Square Redevelopment Analysis, in November 2009. The report, created by LMN Architects and Berk Associates, analyzed existing conditions at Harbor Square and how buildings could be reconfigured to result in a more economic return for the Port and the City. He cited several findings in the report:

- The existing 1980 contract rezone that enabled the development of Harbor Square 1982 – 1985, currently hinders development because it does not include mixed uses and limits building height to 35 feet.

- The Harbor Square zoning regulations need to be revised to allow mixed uses, specifically residential uses and also greater height limits to be competitive in the marketplace.
- Revised zone regulations that would allow 3-5 stories would result in increased revenues to the City.
- There should be a plan for reconfiguration of Harbor Square and a tailored approach to building heights.

The Port conducted several open houses in the community in spring 2010. Statements from the open houses included that redevelopment of Harbor Square needs to provide for mixed uses, affordable housing opportunities and creative ideas regarding how to address building heights over 35 feet and can provide increased revenues to the City. Based on the study and comments provided by citizens at the open houses, the Port began preparation of a Master Plan. Makers Architecture and Urban Design was hired to champion the plan through the process.

Phase II of the process began with public outreach in 2010. The Port Commission set an overarching project goal: Amend the Port's Master Plan and the City of Edmonds Comprehensive Plan with an economically feasible, environmentally responsible, and high-quality designed redevelopment plan for Harbor Square. Phase II included:

- Creation of a Harbor Square Steering Committee
 - Created vision to meet goal
 - Set design principles
 - Reviewed and selected plan alternative
 - Refined and recommended preferred alternative
- Commission authorizes plan to proceed
- Environmental Review
- Commission public hearing and adoption of Harbor Square Master Plan

Mr. Trimm displayed a list of Steering Committee members, noting Community Services/Economic Development Director Stephen Clifton was not a committee member but attended committee meetings and responded to questions regarding City policies.

Mr. Trimm reviewed a visual preference summary:

- A NW traditional style with a stone base, timber/wood materials, and glass.
- Modulation of the building face at the street level (create the feel of multiple buildings), upper floor step backs, and pitched roofs are preferred over flat roofs.
- Varying roof heights is important to the overall design.
- An active sidewalk/pedestrian area is preferred with retail spaces that open onto the sidewalk.
- Small scale pedestrian spaces integrated between the development and the streetscape.
- Informal, curvilinear green space (maybe similar to Bracketts Landing Park) that relates to and complements the adjacent uses is a preferred design feature.

Mr. Trimm displayed a map of downtown view corridors, identifying the view corridor down Dayton Avenue. He also displayed a view shed analysis conducted by the University of Washington School of Construction Management that used lidar photography to analyze views from numerous locations in the Edmonds bowl toward Harbor Square. He provided a photographic example of the existing view and with the preliminary building mass model superimposed, standing on Alder between 5th and 6th Avenues looking west toward the sound (view 32 on the view shed analysis). The photograph used "worst case scenario" with 65 foot buildings, not 35, 45 and 55 as proposed in the Harbor Square Master Plan.

He reviewed a summary retail, office, residential, recreational, parking, open space (public) and open space (residential private) in two alternative schemes. Following further Steering Committee review,

Scheme 2 with adjustments was prepared. He reviewed the location on buildings and circulation on the site. Master Plan elements include:

- Responds to Comprehensive Plan goals, policies, strategies
- Includes planning principles – basis for Plan elements
- Plan Elements:
 - Uses and site planning
 - Circulation, traffic, parking
 - Public amenities
 - Sustainability
 - Physical design criteria

Mr. Trimm reviewed a Harbor Square site plan concept, identifying vehicle access and parking, residential village, gateway architectural element, pedestrian oriented storefronts and activities, primary pedestrian route, attractive streetscape edge, village plaza and mixed use. Design criteria in the Master Plan address the following:

- Consistent with Comprehensive Plan policies
- Height and bulk
- Street orientation
- Architectural character
- Small scale buildings
- Site design
- Landscaping

He displayed and reviewed conceptual drawings prepared by Makers of Dayton Avenue and the open space corridor through the site. He reviewed a schematic cross section sketch through Harbor Square from the Edmonds Marsh to Dayton, illustrating building setback from Dayton Avenue.

Elements of Phase III include:

- Plan submittal
- Environmental Review
- Staff Review and Recommendation
- Planning Commission Review and Action
- City Council Review and Action

Mr. Trimm reviewed steps in a timeline of the Comprehensive Plan/development review process for Harbor Square, 2004-2014 and beyond, identifying points where the City Council will be involved (shown in italics):

- 2004-June 2012
 - Port prepares and adopts Harbor Square Master Plan
- July – October 2012
 - *City reviews and adopts Harbor Square Master Plan as a Comprehensive Plan amendment*
 - City completes and adopts SMP
- 2012-2013
 - *City and Port enact conceptual development agreement/MOU*
- Undetermined – depends on market conditions and other factors
 - The Port preparing and issuing a developer RFP, review proposals and select developer
 - Developer refines analysis, secures financing and prepares proposal and permit application
 - *Developer applies to City for final development agreement, City reviews and approves with conditions*
 - Developer completes construction documents and prepares building permit application
 - City reviews building permit application
 - Construction begins

Brian Winningham, BST Associates, reviewed non-recurring revenue related to construction and initial sale, based on Scheme 2 with adjustments (50,000 square feet retail, 10,000 square feet office, 350 residential units, and relocation of athletic facility):

Source of Revenue	City of Edmonds	County	Transit	State
Construction – retail sales tax	\$0.7 M	\$0.3 M	\$1.6 M	\$5.8 M
Construction – B & O tax				\$0.4 M
REET	\$0.3 M			\$0.7 M
Impact Fees	\$0.2 M			\$0.2 M
Total	\$1.2 M	\$0.3 M	\$1.6 M	\$6.9 M

Mr. Winningham reviewed annual tax revenue from the project (all figures in \$1,000s):

Source of Revenue	State	City	County	Transit	School	Hosp.	Port	Library	Total
Property Tax	\$81	\$108	\$43		\$300	\$7	\$7	\$33	\$579
Utility Tax		\$123							\$123
Retail Sales Tax	\$427	\$56	\$23	\$118					\$624
Total	\$463	\$287	\$66	\$118	\$300	\$7	\$7	\$33	\$1,281

(note: numbers in above chart do not balance)

Mr. Winningham reviewed other economic benefits:

Source of Revenue	Direct	Snohomish County	Washington State
Construction			
o Employment (FTE)	385	632	727
o Income	\$17.9 M	\$27.0 M	\$31.0 M

Mr. McChesney summarized the proposed Harbor Square Master Plan is:

- Consistent with ECDC 20.00.05.
- Consistent with Edmonds Comprehensive Plan goals and policies and in the public interest.
- Not detrimental to the public interest, health, safety or welfare.
- Maintains the appropriate balance of land uses within the City.

Mr. McChesney reviewed the timeline for the planning process and, with Council approval of the Master Plan, next steps in development implementation. He concluded a great deal of detail and analysis has gone into the preparation of the proposed Harbor Square Master Plan. The Port thinks the process validates the Plan and all its essential elements and is confident the plan meets all the requirements of the City’s Comprehensive Plan. It is the Port’s opinion that what has been discussed tonight and throughout the process represents a way forward to achieve the mutual goals of excellent community development. The Harbor Square Master Plan is visionary and insightful and the Port asks the City Council to approve their application for a Comprehensive Plan amendment to enable the process to continue.

Councilmember Fraley-Monillas asked what was necessary for the project to be economically feasible. Mr. McChesney answered the Port approached this differently than a private sector developer who might try to maximize the developable opportunity to maximize their profit. The Port asked themselves at the beginning of the process, what is the minimum amount of development that needs to occur at Harbor Square in order to achieve economic feasibility sufficient to attract a private sector development partner?

Councilmember Fraley-Monillas asked what would be necessary to attract a preferred developer. Mr. McChesney answered this began with a feasibility study/bulk analysis in 2009 that looked at several scenarios including remodeling the existing buildings. Through the process they learned that in order for it to attract development investment, buildings needed to be five stories. Councilmember Fraley-Monillas asked what that was based on. Mr. McChesney stated those valuations can be approximated based on the

mixed use concept that contemplates 350-360 residential units, and a certain amount of office space and retail space.

Councilmember Fraley-Monillas recalled early discussions regarding connection to the transit center and it being a community-based housing, business, office space development. She understood that equated to one vehicle per condominium/apartment and asked whether that was still the plan. Mr. McChesney answered a detailed traffic study done as part of the next phase will better define that issue. It is designed as a transit-oriented development, where residents could walk across the street to the train.

Councilmember Fraley-Monillas asked how many vehicles were contemplated. **John Owen, Makers**, responded in the current scenario, the visualizations that were provided tonight, there are approximately 1,023 stalls, in structured or on-street within the development. As the project progresses, the goal will be to minimize parking wherever possible.

Councilmember Buckshnis said she had quite a few questions and suggested Councilmembers submit comments/questions in writing. Council President Peterson explained a 2-hour public hearing is scheduled on December 4 which will include an abbreviated presentation and will provide the Council and public time to ask questions. Mr. Lien suggested questions be sent to him and he will post them on the Harbor Square Master Plan webpage and forward them to the Port for response.

Councilmember Bloom agreed with Councilmember Buckshnis' suggestion. She wanted to ensure there would be a measured, detailed, lengthy process to make a decision and expressed concern having only one public hearing. She noted there were over 500 pages in the Council packet on this item; she read as much as she could but it was difficult to absorb all the material and prepare questions at a meeting as well as prepare for the budget discussion later on the agenda. She suggested the Council determine how many public hearings will be held and determine when a final decision is anticipated in conjunction with review of the SMP which will also take at least a couple public hearings. She concluded there was no way that could be accomplished by the end of the year.

Councilmember Bloom noted although the process has been as transparent as possible, she recently discovered there is no documentation of Port meetings after June 12 and the announcement of the public hearing on the City's website does not describe what it is, the public is required to pursue a link to find further details. She appreciated Mr. Chave posting a link on the City's homepage today. She felt more needed to be done to notice the public that a public hearing will be held, noting this was a critical issue that will affect the future of Edmonds for many years. She hoped other Councilmembers were willing to set a schedule to accomplish these tasks.

Councilmember Johnson requested staff address the Comprehensive Plan amendment schedule, relaying her understanding the Comprehensive Plan can only be amended once a year but there is not a date certain when that must occur. Interim Development Services Director Rob Chave responded the Comprehensive Plan can be amended once a year; the deadline for this year is the end of December. There is another Comprehensive Plan process next year. The only Comprehensive Plan amendment that staff knows of for next year is a Sewer Plan, which is potentially adoptable during the second quarter of 2013. Comprehensive Plan amendments can be approved this December; the next time would potentially be the second quarter of 2013 rather than December 2013. If the Council wants to take more time and hold more hearings, it could potentially extend past the end of the year; the Port is hoping for an answer before then. The deadline for submitting 2013 Comprehensive Plan amendments is the end of December 2012. He noted it depends on how long the Council needs to take and when the Council can render a decision.

Councilmember Yamamoto commented before being elected to the City Council, he was a Steering Committee member. He thanked the Port, staff and consultants for the tremendous job they have done. He noted there was more than one public hearing; there were at least six different public meetings and

opportunities for the public to voice their opinions for or against the proposal. He concluded the process was very open and he was unsure what would be accomplished via additional public hearings. He was agreeable to holding an additional meeting or two to ensure everyone was “up to speed and involved.” He noted the process was very detailed, gave the public ample opportunity for input and a great deal of feedback has been provided.

Councilmember Petso expressed support for submitting questions to Mr. Lien, for the idea of not rushing to wrap this up by the end of the year, and for the idea of looking at this in conjunction with the SMP.

Councilmember Fraley-Monillas expressed appreciation for the work done by the Port, noting this was a huge undertaking and a gigantic project. She agreed with Councilmember Buckshnis’ suggestion to submit questions to staff. She pointed out posting the questions and answers will also assist the public who will have many of the same questions. She thanked Councilmember Yamamoto for the work he did as a Steering Committee member.

Councilmember Fraley-Monillas asked whether the Port held any public hearings on the “finished” plan. Mr. McChesney responded this is not a finished plan; it is a collection of thoughts and ideas from the Steering Committee and the community and is intended to accomplish a single milestone – to have the Harbor Square Master Plan incorporated into the City’s Comprehensive Plan. Many of the questions will be answered later in the process such as the development agreement and site specific design.

Councilmember Buckshnis commented there is also the issue of development agreements and how they fit with the Comprehensive Plan. She also had some legal questions.

Council President Peterson commented the public hearing could be continued to December 11 following committee meetings or there is space on the December 18 agenda. He was concerned with starting the public hearing on December 4 and delaying further discussion until January. He agreed some of the questions will be answered when a building plan is proposed. If Council’s questions are submitted in writing and answered, there is a chance the Comprehensive Plan amendment can be adopted by the end of the year.

Councilmember Petso reiterated her support for moving this into next year. She envisioned having public hearings next year as well as this year.

Councilmember Fraley-Monillas asked the next steps after the public hearing. City Attorney Jeff Taraday suggested adding another step between the Port’s proposed Comprehensive Plan adoption and the creation of a development agreement, adoption of criteria for approval of a development agreement, to the extent that is not already included in the Master Plan. He was not familiar enough with the Master Plan to know whether it contains sufficient criteria for the City Council to determine whether a development agreement meets the threshold for approval.

Mayor Earling suggested holding the first public hearing on December 4 and continuing it to December 18 and having further discussion on December 18 regarding moving this process into 2013. Following a discussion regarding a deadline for submitting questions to Mr. Lien, Mayor Earling summarized the first round of questions/comments would be submitted to Mr. Lien by November 28 and the first public hearing held on December 4; during and after that meeting further questions could be submitted, and a second public hearing would be held on December 18.

As a former Planning Board Member, Councilmember Johnson commented she enjoyed looking through the documentation. She thanked Planning Board Chair Phil Lovell for summarizing very complex information. She thanked Mr. Lien for shepherding the Planning Board’s analysis on this as well as the SMP, a companion document to the Harbor Square Master Plan. She thanked Mr. McChesney for

attending all Planning Board meetings regarding the Harbor Square Master Plan. She also attended those Planning Board meeting. She thanked Mr. Trimm for his leadership as a planner and creative thinker. She concluded progress was being made and by being deliberative, the Council can move through the information because many of the questions were asked and answered during the Planning Board's deliberations and several of the key meetings were videotaped and available for viewing.

Mayor Earling declared a brief recess.

10. NOVEMBER 2012 BUDGET AMENDMENT

Finance Director Shawn Hunstock referred to a list of the budget amendments (page 898 of Council packet), explaining the list includes items the Council has previously authorized such as the Indefeasible Right of Use Agreement for fiber and the Voluntary Separation Incentive Program (VSIP). A future agenda will include approval of the VSIP agreements.

Councilmember Buckshnis thanked Mr. Hunstock for the detail provided and the hard work done by staff. She pointed out the budget amendment related to the Edmonds Center for the Arts has been changed.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE ORDINANCE NO. 3898, AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING ORDINANCE NO. 3897 AS A RESULT OF UNANTICIPATED TRANSFERS AND EXPENDITURES OF VARIOUS FUNDS. MOTION CARRIED UNANIMOUSLY.

11. PUBLIC HEARING ON 2013 BUDGET

Mayor Earling opened the public participation portion of the public hearing.

Dave Page, Edmonds, commented the consequences of the cuts look bleak and will require sacrifices. The City has been cutting the fat out of the budget for a long time and is getting down to the bone. He hoped at some point the community will step forward at some point and ease this burden. Citizens are treating themselves like a second class city. Citizens need to step up to the plate to keep good people and provide services. Citizens need to bite the bullet at some point, everyone needs to chip in and it needs to be done during the next year.

Ken Reidy, Edmonds, recalled during the October 25, 2005 City Council meeting, former Development Services Director Duane Bowman said he had been describing the need to update the zoning code since he was hired in 2000. The comment was also made that the City's code dated to the 1980s and piecemeal amendments make it difficult to use and administer. Former City Attorney Scott Snyder stated in his November 2007 City Attorney annual report that the biggest issue at the start of 2007 was the code rewrite. Mr. Snyder stated the intent was to begin the rewrite last year (2006) and finish it this year (2007). Mr. Snyder summarized that the code rewrite was approximately a year behind schedule as of November 2007. Mr. Reidy pointed out five years have passed and he questioned why the code rewrite had not been completed. He urged the Council to include the proper amount in the 2013 budget to complete the long overdue code rewrite from start to finish.

Donna Breske, Edmonds, questioned the need to add an employee in the engineering department. She pointed out in 2001 there were a total of 162 permits and miscellaneous staff decisions, compared to 54 in 2011. As a civil engineer who has done work in Edmonds and Snohomish and King Counties since 1977, Edmonds is the only jurisdiction that provides review comments on an engineering design from an engineering technician, an engineering program manager, and a stormwater program manager; every other jurisdiction has one engineer doing the review. She suggested Edmonds consider that there are "too

many cooks in the kitchen” in the engineering department. She commented on the difficulty of obtaining a permit in Edmonds, much more difficult than other jurisdictions. She submitted written documentation regarding the number of permits and miscellaneous staff decisions.

Hearing no further comments, Mayor Earling closed the public participation portion of the public hearing.

12. 2013 PROPERTY TAX ORDINANCE

Finance Director Shawn Hunstock explained this item was continued from last week’s Council meeting. He referred to the City of Edmonds Property Tax Summary 2009-2013 (pages 922-923 of Council packet). With the current projected assessed value for the City for 2013 of approximately \$5,550,000,000, the regular tax levy rate will go from approximately \$1.66 to \$1.76, the EMS levy remains at \$0.50 and the voted bond levy at \$0.165 for a total City levy rate of approximately \$2.43.

Councilmember Fraley-Monillas asked if the City receives less money from property taxes due to the decline in assessed values. Mr. Hunstock answered yes for the EMS levy; before the 2013 levy, the City had about \$950,000 in banked capacity and will have additional banked capacity after the 2013 levy (page 923 of Council packet), an additional \$500,000. As assessed value decreases, the amount the City collects also decreases. The EMS levy also has a 1% cap in the State statute. To the extent the City cannot assess current year taxes plus 1% due to decreased assessed values, that capacity is banked and can be used in the future. He estimated the City would have approximately \$1.5 million in banked capacity. As assessed values increase, the City is not limited to the 1% increase until the bank capacity has been used. Once the banked capacity is used, the annual increase is limited to 1%.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE ORDINANCE NO. 3899, AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, PROVIDING FOR THE ANNUAL TAX LEVY BY INCREASING THE REGULAR PROPERTY TAX LEVY BY THE CURRENT 101% LEVY LIMIT, THEREBY LEVYING AN ESTIMATED REGULAR PROPERTY TAX LEVY OF \$9,800,000, AN EMS LEVY OF \$3,300,000 AND LEVYING \$916,103 FOR VOTED INDEBTEDNESS FOR THE PUBLIC SAFETY COMPLEX. MOTION CARRIED UNANIMOUSLY.

13. 2013 BUDGET ADOPTION

Finance Director Shawn Hunstock referred to the budget ordinance and two attachments in the Council packet. He displayed a spreadsheet of proposed changes, explaining as the Council made decisions regarding whether to include the proposed changes in the budget, staff will update the spreadsheet which will automatically update the budget ordinance. He suggested the Council review the proposed changes one-by-one. He reviewed corrections identified after the preliminary 2013 budget was distributed on October 16:

Increases/(Decreases) in General Fund Expenditures	Amount
Additional bond refinance savings (General Fund portion)	(7,517)
Decrease contribution to Edmonds Center for the Arts	(30,000)
Corrections to Parks budget	(51,370)
Increase in Prosecutor costs	4,200

Mr. Hunstock recommended including the above four corrections/adjustments in the appropriation tonight for the General Fund. Mr. Hunstock pointed out there is also \$43,191 in bond refinance savings (non-General Fund portion) in the section of the spreadsheet labeled Budget Changes (Other Funds).

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE THE FOUR CORRECTIONS.

Councilmember Buckshnis explained the first three amounts would be returned to the General Fund budget and the fourth item will be an additional cost. She summarized these four items were primarily housekeeping issues.

THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.

Mr. Hunstock reviewed the proposed decision packages (page 43), suggesting the Council first consider the three related to the General Fund:

Decision Packages (in General Fund)	Amount
Diverse Fiber Route to Hwy 99	\$60,000
Fiber Optic Customer Development	\$40,000
PROS Plan	\$125,000

With regard to the first decision package, Diverse Fiber Route to Highway 99, Mr. Hunstock explained the first section will be from City Park to the cemetery; a future budget amendment in 2013 or 2014 would be proposed to complete the fiber route to Highway 99. The second decision package, Fiber Optic Customer Development, would provide funds for contracted marketing efforts as well as some installation costs for reaching commercial customers within a short distance of the City's fiber infrastructure. The City would see a return on that investment within a relatively short time. With regard to the PROS Plan decision package, he recalled there was some discussion about funding that at \$100,000, minus one component of the PROS Plan or at \$125,000.

Councilmember Johnson asked Parks & Recreation Director Carrie Hite to comment on the PROS Plan and state requirements. Ms. Hite explained in order to apply for State grant funds or matching federal funds for any parks project, cities are required to have an up-to-date PROS Plan. The Plan is required to be updated every six years; Edmonds' PROS Plan expires May 2014. The allocation of funds in 2013 would allow staff to begin the update process mid-summer/early fall with adoption in the first quarter of 2014. She explained the \$100,000 cost is because this will not be a minor update; the intent is to rewrite the PROS Plan. The additional \$25,000 is to update the Community Cultural Plan. The City has adopted a Community Cultural Plan as part of the PROS Plan for the past 10-20 years. The Community Cultural Plan allows identification of priorities in arts in the community which has been a high priority in Edmonds. The public hearings and engagement of the community in defining arts priorities via the update of the Community Cultural Plan would address the interest Councilmember Johnson expressed in expanding the 1% for Arts beyond downtown.

Councilmember Johnson relayed her understanding the PROS Plan needed to be updated in order for the City to be eligible for grant funds. She asked if there was a similar requirement for the Cultural Arts Plan. Ms. Hite answered there were not a lot of state funds available for arts programs but there were federal funds; the City's adopted Cultural Plan made the City very competitive for federal funds. For example the City was competitive for funds for the Highway 99 Enhancement project that is currently underway.

Councilmember Johnson asked about the planning horizon for the Community Cultural Plan. Ms. Hite recommended it be updated every six years. Councilmember Johnson pointed out it is not a GMA requirement and is a long range plan. She asked how far into the future the Community Cultural Plan was intended to look when the last plan was developed. Ms. Hite answered it looks into the future 5-10 years. She commented it was helpful to have both plans as companion pieces in order to plan at the same time.

Councilmember Johnson pointed out the Comprehensive Plan has a 20 year horizon and asked why the Community Cultural Plan only looked at 5-10 years. Ms. Hite answered there are CIP projects identified 20 years in the future but the plan itself talks about a 5-10 year planning horizon.

Councilmember Johnson relayed her understanding the entire Comprehensive Plan update will occur in a couple years. She asked whether there was any disadvantage to postponing an update to the Community Cultural Plan until that time. Ms. Hite answered the disadvantage would be the priorities would not be identified, particularly with the interest in expanding public art beyond downtown.

Councilmember Petso stated she was not entirely comfortable with the process the Council was about to embark on. In part, her decision on the three one-time decision packages depends on how many of the proposed cuts the Council was willing to make. She preferred to identify a different way to manage the process. She suggested the Council not attempt to complete this tonight and instead review the suggested changes and ask questions and then review budget cuts followed by any additions to the budget.

Councilmember Buckshnis pointed out the Council has had the budget since October 16; Councilmembers who are prepared are being penalized. She was willing to review all her proposed changes tonight and preferred to adopt the budget tonight.

Mr. Hunstock commented he received emails and other communication from nearly all Councilmembers on the decision packages, all favorable to different degrees and amounts. He suggested the Council review the three decision packages and Councilmembers identify how they could be funded via proposed cuts to the budget.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO EXTEND THE MEETING FOR 15 MINUTES. MOTION CARRIED UNANIMOUSLY.

Councilmember Bloom pointed out the Council did not have the list of increases/decreases to the budget until today and if a Councilmember was away from their computer, did not receive it until tonight's meeting. She was able to review the list but it is a long list. Councilmember Buckshnis commented most of the items were her suggestions. Mr. Hunstock explained the list was provided to Councilmembers earlier today. An earlier, shorter version of the list was distributed two weeks ago with Councilmember names for which he was admonished for including.

Councilmember Fraley-Monillas commented this was the first time she has seen the complete list. She asked when the budget needed to be adopted. Mr. Hunstock answered by the end of the year. He noted two years ago the budget was adopted on December 30; he did not recommend waiting that long. He recommended adopting the budget sooner rather than later to give staff more time to finalize the changes and complete the budget document.

Councilmember Fraley-Monillas concluded the budget must be adopted in five weeks. Although she did not want to prolong this, she wanted to know the rationale behind each suggested amendment.

Councilmember Yamamoto preferred to review the list of amendments and adopt the budget tonight. He questioned whether there was time in the Council's meeting schedule to postpone it.

Councilmember Fraley-Monillas asked whether another meeting could be held. Mayor Earling explained one of the reasons the list got longer yesterday and today was staff received a considerable number of amendments last evening although he requested amendments be submitted by last week. Mr. Hunstock noted additional amendments were also received today.

Councilmember Petso recalled Council President Peterson saying there were some light agendas in December and was confident the Council could complete their discussion regarding the budget at a future meeting. She offered to share the rationale/method of paying for some of her suggested amendments: she looked at the list of corrections, which totaled approximately what Ms. Hite identified as her top four park

priorities: seasonal labor, beach rangers, park irrigation and maintenance. Both the corrections and the park priorities are ongoing revenues and expenses. She paired those out of respect for Mayor Earling's request that additions to the budget identify a funding source.

With regard to the three decision packages, Councilmember Petso commented those were one-time expenditures. To those she added \$75,000 for the code rewrite for a total of approximately \$300,000 and paired those expenditures with the B Fund contribution adjustment, potentially only a one-time savings. In reality she anticipated the B Fund contribution will continue annually; it did not need to be budgeted. Because most departments budget conservatively and live within their means, that contribution can be made every December just like it was last December and like she hoped would be done this December.

Councilmember Petso referred to the proposed cut to reduce Planning Board secretarial services which would allow only one meeting a month. Because the Planning Board is so important, she preferred to restore the \$3500 to the budget to allow the Planning Board to meet when they needed to. She has discussed the amendments with appropriate staff and offered to answer any Council questions about her proposed amendments.

Councilmember Buckshnis commented her proposed amendments were the high ticket items. She referred to the proposed reduction of \$124,456, a 2% COLA adjustment for the Fire District 1 contract, explaining FDI has not notified the City of the change as required by September 1. That could fund the code rewrite. She referred to the proposed reduction of \$300,000, General Fund contribution to LEOFF Insurance Reserve Fund, noting there did not need to be \$300,000 in the fund as it was a pay as you go fund. Those two reductions offset her proposed additions: restore parks cuts, fund fiber optic decision package, and video annotation of Council meetings.

Mayor Earling suggested Councilmembers submit the rationale and funding source for their additions to staff within a couple days. The goal is for amendments to have a cost neutral effect on the budget.

Councilmember Johnson explained the 2013 budget has been prepared by the City's Finance Department and presented to the City Council by Mayor Earling. The Council reviews the budget for adoption. The mutual goal is to have a balance budget by yearend. As a Councilmember, her most important job has been reviewing the City's budget. As a representative of the people of Edmonds, she must be fiscally conservative and look everywhere for cost savings and efficiencies. The budget is a powerful tool to guide the work and priorities of the City in the coming year. Therefore she has spent a considerable amount of time reviewing the budget line by line. She found two general areas of savings, first by reducing proposed line times to previous funding levels. Second, she questioned budget expenses. For example, the PROS Plan and vehicle replacement costs for vehicles that have been pre-purchased and are in storage for the Police Department. She had discussed many of her budget proposals with department heads and individual Councilmembers but has not discussed every budget cut with everyone. These proposed cuts are just that, proposals, and she was open to further discussion. In these tough economic times, everyone needs to tighten their belts and maintaining the status quo is no longer automatically acceptable. This is her first budget and she is still learning the ropes but she expects results from herself and others.

Councilmember Fraley-Monillas asked whether Mr. Hunstock wanted rationale for the cuts. Mr. Hunstock responded other than Councilmember Fraley-Monillas who only submitted cuts, typically cuts were proposed to fund the code rewrite or decision packages. He acknowledged he had not received a rationale for all the proposed cuts; Councilmembers could submit that if they wished.

Councilmember Johnson distributed an explanation of another budget addition. Mr. Hunstock explained Councilmember Johnson's proposed addition and a proposal to restore the 0.2 FTE in Public Works Administration were received today and added to the list after it was emailed.

Council President Peterson suggested the Council continue its review of the 2013 budget at the December 11 meeting before or after committee meetings. Councilmember Fraley-Monillas preferred to defer committee meetings and only work on the budget. Mayor Earling advised there are issues on the committee agendas that need to be resolved by the end of the year. Mr. Hunstock summarized the Council would then need to adopt the 2013 budget that night or the following week.

Council President Peterson advised a full Council meeting will be scheduled to begin at 6:00 p.m. on December 11 followed by committee meetings.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER PETSO, TO EXTEND THE MEETING FOR 10 MINUTES. MOTION CARRIED UNANIMOUSLY.

14. SEPTEMBER 2012 QUARTERLY FINANCIAL REPORT

Finance Director Shawn Hunstock referred to a General Fund Monthly Revenue Summary (page 946 of Council packet), explaining revenues are slightly ahead of budget by 1.06%. He referred to the Monthly Expenditure Report (page 949 of packet) explaining expenditures are under budget in the General Fund by 5.58%. He explained some individual revenue items show significant variances such as REET and Utility Taxes; the 2013 budget has been updated to reflect those variances as they are expected to continue into the future.

Mr. Hunstock referred to the Change in Fund Balance – Summary (page 960 of packet), pointing out the fund balance in the General Fund 001 decreased by approximately \$2.3 million; most of that, \$2,015,000, was related to funding the Contingency Reserve Fund. The total General Fund per CAFR is \$9.4 million. He referred to Expenditures – General Fund – by Department in Summary (page 971 of packet), pointing out none of the departments are over budget through this point in the year, some are significantly under budget.

Councilmember Buckshnis commended Mr. Hunstock for the report, pointing out the amount of work that has been done and the number of changes that have been made to the report over the years.

15. REFERRAL OF BC-EW AND RM-EW ZONES TO THE PLANNING BOARD FOR REVIEW AND POSSIBLE REVISION.

Due to the late hour and the fact that this is new information to the Council, Council President Peterson suggested removing these items from the agenda and scheduling them in January as there is no pressing need to discuss it. Councilmember Fraley-Monillas responded this has been discussed by Council committee and will only take 5 minutes.

Councilmember Petso agreed, it has been to Council committee twice and she has discussed it with the Council so she did not feel it was new information.

COUNCILMEMBER JOHNSON MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO ADJOURN THE MEETING.

Mayor Earling asked for an opportunity to briefly report on the progress of the Main Street project.

Councilmember Johnson restated her motion as follows:

TO POSTPONE ITEMS 15 AND 16 TO THE JANUARY 15, 2013 MEETING. UPON ROLL CALL, MOTION FAILED (3-4), COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS JOHNSON AND YAMAMOTO VOTING YES; COUNCILMEMBERS FRALEY-MONILLAS, BUCKSHNIS, BLOOM AND PETSO VOTING NO.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO REFER THE BC-EW AND RM-EW ZONES TO THE PLANNING BOARD FOR REVIEW AND POSSIBLE REVISION.

Councilmember Yamamoto asked why the zones were being referred to the Planning Board. Councilmember Petso responded this was brought to the committee due to the public's response to the construction of the new buildings on Edmonds Way. It will provide an opportunity for the Planning Board to evaluate whether the incentive zoning on Edmonds Way is meeting the goals, whether the language is tight enough, and whether the design guidelines are achieving what the public desires for development on Edmonds Way.

Councilmember Fraley-Monillas suggested Interim Development Director Rob Chave provide a further explanation. Mr. Chave explained the zones were originally proposed by a private party, not the City. Given that some development has occurred, he was happy to work with the Planning Board to review how the provisions worked, the results, and determine if any adjustments needed to be made.

Councilmember Fraley-Monillas pointed out the zones were approved some years ago by a previous Council and staff were not necessarily happy with the zones.

Councilmember Yamamoto asked whether more construction was being proposed. He did not have a concern as long as staff was willing to review the zone.

MOTION CARRIED UNANIMOUSLY.

16. REQUEST CITY ATTORNEY TO DRAFT MORATORIUM ON LAND USE APPLICATIONS FOR BC-EW AND RM-EW ZONES

Councilmember Petso explained this is a companion to the prior agenda item in order to prevent the unfortunate circumstance of the Planning Board deciding that changes needed to be made and a land use application vesting under the existing code prior to changes being adopted by Council.

Councilmember Fraley-Monillas advised this was referred to the Council from committee with no recommendation as Councilmember Petso and she had differing opinions with regard to a moratorium.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BLOOM, TO REQUEST THE CITY ATTORNEY DRAFT A MORATORIUM ON LAND USE APPLICATIONS FOR THE BC-EW AND RM-EW ZONES.

Councilmember Yamamoto was uncertain what a moratorium could do and feared a moratorium would send a message that Edmonds did not want any development and wanted to freeze everything. He felt a moratorium was a bad idea, especially in today's economy. There is nothing going on in the City anyway and this sends a message the City does not want anything going on. Staff can do what is necessary without a moratorium.

Councilmember Fraley-Monillas said she will vote against the moratorium, not for the same reasons Councilmember Yamamoto cited but because a previous Council changed the zoning for these 4-5 properties. Councilmember Petso advised there are at least four remaining properties zoned BC-EW. Councilmember Fraley-Monillas was opposed to a moratorium due to concern with the City telling property owners what they could do with their land after they purchased it with the existing zoning.

Councilmember Petso expressed support for the motion, pointing out one of the features of this zone is lot line to lot line zero setback that would typically be found in a downtown area. She anticipated the Council

would be very disappointed if zero setback buildings were constructed on some of the lots with this zoning along a 40 mph highway.

Councilmember Bloom pointed out the moratorium would only be on these two zones, not all land use applications. Councilmember Yamamoto responded it did not matter whether it was on one property, it was still negative.

Mayor Earling commented the last thing Edmonds needed, with the development reputation the City has built over time, is the word moratorium in the headlines.

THE VOTE ON THE MOTION FAILED, (2-5), COUNCILMEMBER PETSO AND COUNCILMEMBER BLOOM VOTING YES.

(Councilmember Johnson left the meeting at 10:35 pm.)

17. REPORT ON CITY COUNCIL COMMITTEE MEETINGS OF NOVEMBER 13, 2012

Finance Committee

Councilmember Yamamoto reported the committee reviewed:

- Resolution initiating a proposal for a Business Improvement District downtown – scheduled for discussion at the November 27 Council meeting
- Quarterly Report Regarding Fiber Optic Opportunities
- Video Annotation of Agendas and Update of Video – proposed as an addition to the 2013 budget
- Authorization to Contract with James G. Murphy to Sell Surplus City Vehicles – approved on Consent Agenda
- Request for Bid: Wastewater Treatment Disinfection and Odor Control Chemicals – approved on Consent Agenda
- Authorization for the Mayor to Sign an Interlocal Agreement between the City of Lynnwood and the City of Edmonds for Joint Funding of the Recycling Coordinator – approved on Consent Agenda

Public Safety & Personnel Committee

Councilmember Bloom reported the committee reviewed:

- Renewal of Interlocal Agreement with Okanogan County for Jail Services – approved on Consent Agenda
- Renewal of Contract for Services with S. Morris Company – approved on Consent Agenda
- Review of Nonrepresented Job Descriptions – scheduled for full Council review on November 27
- Discussion on Process of Personnel Policy Adoption – scheduled for full Council review on a future agenda
- Council Meeting Procedures – committee recommends scheduling this topic on the Council retreat agenda

Parks, Planning & Public Works Committee

Councilmember Petso reported most of what the committee discussed was handled on tonight's agenda with the exception of a presentation from staff regarding Council communication of City plans to the Puget Sound Regional Council (PSRC) and other relevant agencies. She explained the PSRC 2040 Transportation Plan has conflicting information regarding Edmonds Crossing; page 56 states the terminal may stay in its current location and page 80 states the terminal will move. The key issue is PSRC wants to hear from the City and WSDOT what the agencies think is going to happen in the future and will be talking to agencies in January. She was unaware prior to the committee meeting that WSDOT was

waiting for the City to adopt policies. The City needs to discuss and adopt policies and forward them to WSDOT.

18. MAYOR'S COMMENTS

Mayor Earling reported although terrific progress has been made on the Main Street project, progress has been slowed due to several heavy rains during the last two weeks. The street will be open by this Friday with parking on one side, lamp posts on the north side and flower basket poles in place by that time. There will be occasional closures of the street in the future but another 3-4 days of good weather will allow the project to be completed. The project could have been completed by November 19 had there not been delays due to rain.

Mayor Earling thanked Public Works and Parks staffs, and everyone who helped during the rain deluge. There were crews working well into the evening and he received many favorable comments from citizens about staff filling sandbags, etc. He asked Mr. Williams and Ms. Hite to relay his thanks to their staffs.

Mayor Earling wished everyone a Happy Thanksgiving.

19. COUNCIL COMMENTS

Councilmember Fraley-Monillas reported she sent the Council notes from AWC regarding regional priorities for Snohomish County and key transportation corridor projects for the economic alliance.

Councilmember Bloom thanked Mr. Clifton for inviting Roger Brooks to make a presentation. It was a fantastic presentation and gave her hope that there were things that could be done in the short term to stimulate economic development with the focus on gathering spaces, bringing people in to enjoy the City, and doing it short term rather than waiting for a big project to save the City. She looked forward to working with the Economic Development Commission on implementing some of Mr. Brooks' suggestions as soon as possible.

Councilmember Buckshnis echoed Councilmember Bloom's comments. She also wished everyone a Happy Thanksgiving. She reported on a presentation at WRIA 8 regarding how climate change will impact estuaries and rivers. WRIA 8 is pursuing funding from PSRC for the Edmonds Marsh. She commented on the importance of the SMP.

Council President Peterson wished everyone a Happy Thanksgiving and provided a reminder of the downtown tree lighting ceremony on Saturday, November 24 at 4:00 p.m. following a sing-along at the Edmonds Center for the Arts.

Councilmember Yamamoto agreed Roger Brooks' presentation was outstanding; it is currently airing on the City's government channel. He wished everyone a Happy Thanksgiving.

20. ADJOURN

With no further business, the Council meeting was adjourned at 10:45 p.m.