

MINUTES

MOUNTLAKE TERRACE CITY COUNCIL WORK/STUDY SESSION

November 30, 2017
7:00 p.m.

Mountlake Terrace City Hall
Mountlake Terrace, WA

COUNCILMEMBERS PRESENT:

Councilmember McCardle
Mayor Pro Tem Matsumoto Wright
Councilmember Richards
Councilmember Ryan
Mayor Smith
Councilmember Sonmore
Councilmember Wahl

STAFF MEMBERS PRESENT:

Scott Hugill, City Manager
Virginia V. Olsen, City Clerk/Community Relations Director
Crystil Wooldridge, Finance Director
Edith Duttlinger, Interim Community and Economic Development Director
Jesse Birchman, Traffic Engineer
Jeff Betz, Recreation and Parks Director

CALL TO ORDER

Mayor Smith called the meeting to order at 7:00 p.m.

Mayor Smith asked to move item 3 next on the agenda. Finance Director Crystil Wooldridge suggested presenting the Third Quarter Financial Report first and the Council agreed.

Review of Third Quarter Financial Report

Finance Director Crystil Wooldridge briefed the Council that sales tax collections were slightly above the forecasted amount or 76% of the adopted budget. She said the total amount received was \$1,784,706.

Ms. Wooldridge reported that the city had started to collect the property tax revenue from the voter-approved levy in 2016. She said property tax revenue is on track with the 2017 projections. Ms. Wooldridge added that gambling tax revenue was below budget at 67% with \$642,817 collected.

Ms. Wooldridge stated that development fees totaled \$1,315,615 or 149% of budget and noted that due to the additional staffing needs required by the amount of development, expenditures were over budget by \$286,000 to meet those demands.

Ms. Wooldridge showed a graph of General Fund operating revenues and expenditures graphs and through third quarter, there was a net of \$100,000 to rebuild the reserves. She reported that operating revenues totaled 69% of the budget and operating expenditures totaled 72% of the budget with an Ending Fund Balance of \$992,210.

Ms. Wooldridge said the Street Operations Fund revenues were at 72% of the budget and expenditures were at 61%. She noted the General Fund transferred \$261,630 or 75% of the Operating Transfers Budget which is pretty typical.

Ms. Wooldridge said the Recreation Fund has a cost recovery target of 82% and 18% of their budget is subsidized by the General Fund. She reported that youth program revenues were at 75% of the adopted budget while aquatics revenues were at 68%.

Ms. Wooldridge briefed the Council on the Enterprise Funds that are paid with revenues from user rates and fees and like a business enterprise, these funds cover their own costs, without help from outside funds.

Ms. Wooldridge stated that the Stormwater Utility Fund revenues were 74% of the adopted budget and 51% for expenditures. She said the unspent balance will fund future stormwater capital project and debt service.

Ms. Wooldridge noted the Sewer Utility Fund ended third quarter at 71% of budgeted revenues and 61% for expenditures. She explained that there were some large projects that had connection charges and excess funds will pay for future sewer capital projects.

Ms. Wooldridge said the Water Utility Fund was at 67% of budget for revenues during a dry summer, with expenditures at 60%. She said the fund balance includes unspent bond proceeds to be used for future water capital projects. Ms. Woodridge stated the excess \$164,228 would be used for future water capital projects.

Ms. Wooldridge briefed the Council that the Real Estate Excise Tax (REET) Fund was doing well with a fairly high level of REET revenues coming in. Ms. Wooldridge said the Street Construction Projects are funded by grants, motor vehicle fuel tax, REET and the Transportation Benefit District. She said these funds are budgeted primarily for the Main Street Project.

Ms. Wooldridge concluded the presentation noting the passage of Proposition 1 authorizing funds for construction of a new City Hall and expansion of the Police Station will further advance the city's efforts to improve and maintain its finances.

The Council asked questions about development paying for itself, Red Dragon revenues, development fees, gambling tax, and housing inventory.

Review of 2017-2018 Mid-Biennial Budget Modification Ordinance

Ms. Wooldridge explained that state law requires a mid-biennium budget review. She noted a public hearing would be held on December 4 and added that a majority of the amendments were moving projects to 2018.

Ms. Wooldridge reviewed that proposed General Fund budget amendments include an increase of \$532,000 in revenue and \$480,000 in expenditures. She explained the increases are tied to the upswing in development activity within the city, which has resulted in an increase in permit activity as well as an increase in contracted review of building plans. Ms. Wooldridge said additional expenditure increases in 2017 are due to an increase in public record requests, election costs, and expenses related to the Civic Campus project.

Ms. Wooldridge stated there is a proposed budget decrease in the Street Construction Fund of \$7,291,943 in revenues and \$7,093,869 in expenditures due primarily to the rescheduled start of the Main Street construction project. She added that the project costs and grant revenue will be carried over to 2018.

Ms. Wooldridge reviewed that the utilities will carry forward the following expenditures due to the rescheduling of capital projects: Storm Water -- \$672,950, Sewer -- \$1,719,414, and Water -- \$1,624,420. She said the Water and Sewer utilities will also postpone the debt issuance necessary to fund these projects to 2018.

Ms. Wooldridge reviewed the criteria for identifying modifications to the biennial budget and went through the list of the modifications as listed in the staff report. She stated that most of the proposed budget modifications to the 2018 budget are similar for each of the funds. These modifications include modifications to Beginning Fund Balances to include the Estimated Beginning Fund Balances in 2018; modifications to some revenues to more accurately reflect the current economic situation; and revenues that were not included in the 2018 Budget, such as recently-awarded grants.

Ms. Wooldridge added that some modifications were 2017 Budget items to carry over to 2018 for various projects that were not completed in 2017. She explained that there are proposed 2018 budget modifications to add \$400,000 in expenditures for the design of the Civic Campus project and the additional property tax revenue authorized by Council to fund the project and the addition of two positions: an Accountant and Public Records Officer.

Ms. Wooldridge responded to questions about funding public records requests, breakdown on types of requests (percentage, time, City Attorney), condominium project, and sewage lift station.

Review of 2018 Salary Ordinance

City Manager Hugill stated he was recommending a 2.0% COLA for non-represented employees in order to help keep our city competitive. He said the net effect would be approximately \$100,000.

Mr. Hugill stated the changes are outlined in the proposed ordinance. He explained the changes include adjusting the salary range for the new state minimum wage; adjusting the H-3 salary range for the Clerk I position at the Recreation Pavilion; H-5 range for the Clerk II position at the Pavilion to H-6; addition of an accountant position to the E-5 range; addition of a Public Records Officer to the H-17 range; adjusting the Building Official position from E-6 to E-8 range; and moving Department Directors in the D-1 range to D-2 range to be on par with other directors.

Mr. Hugill responded to questions about the new minimum wage laws, sick leave, directors, COLA increases, SNOCOM director pay, childcare and other recreation employees, keeping the budget in line, number of represented and non-represented employees, how Mountlake Terrace compares with neighboring cities, lowest paid employees, and turnover.

Mr. Hugill said he would bring back more information about the recreation employee increases, 2.5% COLAs and mid-year review of COLAs.

Review of RS 4800 SFR and Transitional Zoning Code Updates

Interim Community and Economic Development Director Edith Duttlinger reintroduced Shane Hope who is contracting with the city on this project.

Ms. Hope said the presentation was not intended to get into the detail of the very early draft code but she would touch base with the Council to discuss concerns with the existing code. Ms. Hope showed the zoning map and said there is a fairly large area zoned RS 4800. She stated there are about a dozen 7200 SF lots in the transitional uses area and said the rest are RS 4800. Ms. Hope said it is important to learn what the intent of this area is.

Ms. Hope stated the overarching focus of the RS 4800 is to provide opportunities for market-rate affordable housing and reflect the interest of many homeowners in having somewhat smaller lots to maintain. She said that is not really happening. Ms. Hope read the transitional uses area intent.

Ms. Hope said the current height limit is three stories/35 feet maximum in the RS district, except for the RS 4800 which is two stories, not to exceed 30 feet. She explained that some residential building types are difficult to build at two stories or less on 4,800 square foot lots.

Ms. Hope said there are concerns about what actually can be built. She said one alternative to consider is allowing the height in the RS 4800 zone to be three stories/35 feet maximum for the transitional uses area and allow height to be three/stories/35 feet maximum for all RS 4800 district.

Ms. Hope said in addition to height, lot coverage is another issue of concern. She spoke about current dimensional requirements and standards in all RS districts. Ms. Hope said the types include coverage by structures (Type 1), by impervious surfaces (Type 2), and hard surfaces (Type 3). Ms. Hope stated that alternatives can be to eliminate Type 2, Type 3 or both Types 2 and 3.

Ms. Hope reviewed the current dimensional requirements table including 8,400 SF in RS 8400 district, 7,200 SF in RS 7200 district, and 4,800 SF in RS 4800 district (replaced previous “small lot overlay” zone). She explained the concern is the RS 4800 zone is producing very few 4,800 SF lots. Ms. Hope noted that most of the RS 4800 district is comprised of 7,200 SF lots with existing houses and individual ownerships. She said it general takes two standard lots to make three smaller lots and it is difficult and expensive. Ms. Hope added that if the lots are reduced, there are many issues to think through regarding design standards, driveways, etc.

Ms. Hope stated that another issue to consider is floor area ratio (FAR) which is the term to compare overall floor area of a building with the size of the lot. She said the existing code only requires FAR for the RS 4800 district.

Ms. Hope spoke about FAR alternatives and design standards. She said it is recommended to deal with the transitional uses area first and then come back to the RS 4800 district later. Ms. Hope showed a map of the Transitional Uses Area (TU) and she explained the effect of that zone. She provided examples of the standards for townhomes in the TU area of RS 4800 district.

Ms. Hope stated that some alternatives for Transitional Use issues are to add some revised standards for the TU area and make the TU area its own zoning district and revise the standards to match. She spoke about lot area and lot coverage issues as listed in the staff report as well as setbacks and frontage improvements.

Ms. Hope said clarifying the code will save time and help projects get done more quickly and efficiently. Ms. Hope recommended a phased approach to work on the townhome development in the TU Area and any other easy updates and in subsequent updates, address the evolving and remaining issues. She said another approach is to take more time and take a comprehensive approach.

Ms. Hope stated that next steps include a community forum on December 14 and additional outreach in January and February. She said the Planning Commission will hold a public hearing and make a recommendation followed by a City Council public hearing tentatively scheduled for February.

Ms. Hope responded to questions about whether these issues could be resolved in the zoning code or the Comp Plan, difference between the TU lot and RS 4800 district, design standards, timeline, and RS 8400 sections on the map.

Update on Impact Fees

Recreation and Parks Director Jeff Betz introduced Traffic Engineer Jesse Birchman. Mr. Betz said impact fees were initially adopted in 2007 and a study was done earlier this year. Mr. Betz stated that impact fees pay only for incremental growth from new development and are calculated from population and employment figures.

Mr. Betz stated that park impact fee schedules were updated earlier this year and he showed a map of the service areas. He showed a map of transportation impact fees and said a new fee

schedule was also adopted earlier this year.

Mr. Betz provided an update on the fees collected before 2017 for parks and for transportation, in the first half of 2017, and from July to the present. He reviewed the amount of fees that had been disbursed and the current fund balances.

Mr. Betz said park and transportation impact fees can be updated administratively each year and the CPI and WSDOT construction cost index are used as references.

Mr. Betz reviewed updated impact fees for parks noting that the CPI increased 3% in the past 12 months. He said other constructions indexes showed 3.5-4.0% and 4.85% annual increases.

Mr. Betz said due to construction costs escalating regionally, project list items will be continuously and increasingly underfunded without fee increases. He stated that as we move closer to deadlines to utilize funds, more of the cost burden will shift to the city. Mr. Betz said we need to find other funding sources to fill the gap so a 2% park fee increase was recommended. He showed the Council a rate table for proposed park fees.

Mr. Birchman updated the Council about transportation impact fees for 2017 and proposed for 2018. Mr. Birchman showed comparisons with other cities noting that Mountlake Terrace falls within the same range it was.

There were no questions.

Discussion of Interlocal Agreement Providing Police Services for Town of Woodway

City Manager Hugill stated that the Town of Woodway has contracted with the City of Edmonds for years for back up police assistance. He said Edmonds was increasing the cost quite a bit so Woodway reached out to our city to see if we were interested in providing this service.

Mr. Hugill said the proposed agreement would provide police response from Mountlake Terrace when a Woodway officer is not on duty. He said the proposal is \$50,000 per year for this service and specified terms if an additional officer is needed. Mr. Hugill noted that Woodway estimates seven calls or fewer per month. He added they are mostly low priority calls such as burglary alarms. The City Manager said if the city moves forward, it would be for one year as a pilot project.

Mr. Hugill added that in the last week, the Police Guild asked to bargain this proposal. Mr. Hugill said a proposal was received on Tuesday so there was no opportunity to speak to them yet so he did not recommend moving forward with this agreement until that happened.

Mr. Hugill responded to questions about benefit of pulling our officers off the street in our city, time and distance from Mountlake Terrace to Woodway, regional relationships, keeping Mountlake Terrace officers safe, Guild's concerns, reaching out to Edmonds, hours, back up plan, conflict of interest, use of this revenue, working collaboratively with Edmonds and Woodway, officer shortages in the past, and agreement with neighboring communities.

Review of City Council Subcommittee Recommendation for Interim Arts Advisory Commission and Recreation & Park Advisory Commission Member Appointments

City Clerk/Community Relations Director Virginia Olsen stated that the City Council Subcommittee recommended appointing Noah Knodle to the Recreation and Parks Advisory Commission and Mark Hopkins to the Arts Advisory Commission.

There were no questions so Ms. Olsen stated approval of the recommendation was on the December 4 Consent Calendar.

Review of December 4, 2017 Agenda

There were no questions.

Council Comments

There were no questions.

Public Comment

Duane Landsverk of Mountlake Terrace said the city staff has done a great job to reach out and listen to him and he was pleased with the city's efforts.

Deanne Landsverk of Mountlake Terrace thanked the city for their hard work and the Council for acknowledging flaws in the code. She said it is important to work to identify where in the process the flaws exist so those flaws are not repeated. Ms. Landsverk said the key to revitalization of downtown is development and recent ordinances that have been adopted have stagnated progress. She stated revenue is needed to retain the talented staff in the city and attract the staff that is needed to fill the vacancies.

Ms. Landsverk stated that the City Manager and staff make them excited to be in the city. She said as the demographics increase, more people will be in the downtown and we will see businesses wanting to come in. She said she appreciates the Council's work.

Dustin DeKoekkoek of Mountlake Terrace stated that he was encouraged to see the transition zone and RS 4800 flaws starting to get addressed. He said he lives in the RS 4800 zone and his property backs up against the transition zone and he's encouraged with the early drafts and the direction the city is heading.

Jerry Smith of Mountlake Terrace spoke as a citizen and he asked how he could engage the developers. He said he would privately rent the Nile on December 9 to hear what all the stakeholders want from 1-5pm. Mr. Smith said he will develop an agenda and it will not be done as a city event but as a resident and contractor.

Councilmember Ryan reminded the City Council about the Tree Lighting at 6:30 p.m. on December 1.

Don Enochs of Mountlake Terrace suggested providing graphics of what taller buildings would look like for the public to get an idea of what they would look like.

ADJOURNMENT

Mayor Smith adjourned the meeting at 9:34 p.m.

These minutes are subject to approval at the December 18, 2017 City Council meeting.