City of Kenmore
City Council Regular Meeting
Minutes
May 20, 2019

CALL TO ORDER - Mayor David Baker called the meeting to order at 6:15 p.m.

EXECUTIVE SESSION
The meeting was recessed to executive session at 6:15 p.m. for 45 minutes to discuss Property Acquisition, pursuant to RCW 42.30.110(1)(b).

MOTION: **At 7:00 p.m., Councilmember Curtis made a motion to modify to agenda to extend the executive session for 20 minutes until 7:20 p.m., Councilmember Denuski seconded the motion. The motion was passed unanimously.**

The meeting reconvened to regular session at 7:20 p.m.

ROLL CALL

Mayor David Baker
Deputy Mayor Nigel Herbig
Councilmember Joe Marshall
Councilmember Milton Curtis
Councilmember Debra Srebnik
Councilmember Stacey Denuski
Councilmember Brent Smith

FLAG SALUTE

AGENDA APPROVAL
The agenda was approved as submitted.

PROCLAMATION

National Gun Violence Awareness Day - June 7, 2019

CITIZEN COMMENTS
Corina Pfeil
Address on file

Ms. Pfeil asked the Council to consider another Pride Proclamation. She thanked the Council for considering the 90-day notice for rent increases over 10%.

Russ Johnson
Mr. Johnson stated that he was a resident of Kenmore for 41 years. He thanked the Council and the staff for their work with PSE. He spoke to the franchise agreement and asked questions.

CONSENT AGENDA

Councilmember Smith asked to pull item: *Ordinance 19-0484 Codifying a Longer Notice of Rent Increase; Adding a New Chapter 8.55 to the Kenmore Municipal Code* from the consent agenda.

MOTION: Councilmember Denuski made a motion to approve the consent agenda (except for Ordinance 19-0484 that was pulled), Councilmember Smith seconded the motion. The motion passed unanimously.

The consent agenda included the following:

Total Checks #42224 through #42327 in the Amount of $395,731.16.
Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account Electronic Deposits Dated: 4/26/19 in the Amount of $151,470.89.
Payroll Checks #10127 & #10128 Totaling $443.64.

Total Checks #42328 through #42424 in the Amount of $349,844.83.
Total Payroll/Taxes/Flexible Spending/Retirement and Health Savings Account Electronic Deposits Dated: 5/10/19 in the Amount of $140,903.95.
Electronic Funds Transfer dated 5/14/19 in the Amount of $750.00.

Cancel Tuesday, May 28, 2019 Council Meeting

City Council Meeting Minutes of April 15, 2019, April 22, 2019 and April 23, 2019

Authorize the City Manager to Sign a Purchase and Sale Agreement, Contract 19-C2034, for a portion (6,350SF) of the vacant King County Parcel No. 0114100757 located adjacent to 18717 80th Avenue NE

Resolution 19-321 Approving the Master Lighting Services Agreement for Street Lighting Services

Authorize the City Manager to Execute Amendment No. 4 of Contract 17-C1656 with Mott MacDonald

Authorize the City Manager to Sign the Interagency Agreement for the North Sound RADAR Navigator Program

Authorize the City Manager to Execute Agreement 19-C2015 with Grade, Inc. for Construct Stormwater Conveyance Improvements

BUSINESS AGENDA
(Item pulled from the consent agenda)
Ordinance 19-0484 Codifying a Longer Notice of Rent Increase; Adding a New Chapter 8.55 to the Kenmore Municipal Code

Councilmember Smith stated that he would like to stick to state law (60 days notice) so he will be voting against the Ordinance.

MOTION: **Councilmember Smith made a motion to not approve the Ordinance and stay with the state law (60 days notice), Mayor Baker seconded the motion. The motion failed 2-5-0 with Councilmember Curtis and Councilmember Smith voting yes.**

MOTION: **Deputy Mayor Herbig made a motion to approve Ordinance 19-0484 Codifying a Longer Notice of Rent Increase; Adding a New Chapter 8.55 to the Kenmore Municipal Code as written, Councilmember Denuski seconded the motion. The motion passed 6-1-0 with Councilmember Smith opposed.**

PUBLIC HEARING
Resolution 19-320, Approving an Open Space Classification for the Minard Property, King County Tax Parcel No. 1426049013

Director Hampson explained that King County's Department of Natural Resources and Parks, Water and Land Resources Division (DNR&P) received an application from Michael, Frank and Sara Minard (Applicants) to enroll their property in King County's Public Benefit Rating System (PBRS) Current Use Taxation Program as authorized under RCW Chapter 84.34 and KCC 20.36.

The Applicants own an undeveloped parcel, 6.46 acres in size, directly north of the Saint Edward State Park. The property is identified as King County Assessor Parcel No. 1426049013.

The application has been processed by the DNR&P and must be approved by both the King County Council's Mobility and Environment Committee and the Kenmore City Council.

The Applicants are seeking this parcel be classified as open space. If the application is approved, the property will receive a classification that will result in lower real property taxes, as explained below. The application was received by the City on February 21, 2019 from the County. In accordance with RCW 84.34.041(2), both the King County Council Committee and the City Council must act on and approve the application before July 1, 2019 in order for the tax reduction to take effect for the 2020 fiscal year. If approved by both, the Applicants will need to enter into an Open Space Taxation Agreement with King County and the City.

The State RCW 84.34, provides for assessment practices to reflect current use of property, rather than "highest and best use", as an incentive to property owners to conserve and preserve natural resources on private property. The Open Space Taxation Act provides for three current use classifications: open space land, farm and agricultural land, and timber land. This open space current use taxation program is implemented in King County through the PBRS program, which provides a point system to rate properties.

A property must contain one or more open space resources (as defined by PBRS) and have at least 5 points to be eligible to participate in PBRS. Once enrolled in PBRS, then the King County Assessor will assess the portion of the property participating in PBRS at "current use" value instead of at its highest and best use. The annual tax reduction ranges from 50 percent to 90 percent for the property enrolled. The PBRS lists 19 categories of open space resources that a property owner can seek to protect (e.g. agricultural land, surface water quality buffer, forest stewardship, public access). Each open space resource is assigned a point value where the more points the property earns the more property tax reduction may be awarded.

The DNR&P analyzed the application for an open space or current use assessment and recommended the property be enrolled in the PBRS Current Use Taxation Program. As such, the DNR&P recommends that the application be granted due to the character of the property as open space. The DNR&P report concludes that the Applicants property is entitled to a public benefit rating of 41 points under the PBRS. One valuation level of the PBRS, 35-52 points, allows a current use value of 10% of market value. A public benefit rating of 41 points, therefore, allow the Minard property to have a current use value of 10% of market value, a reduction of 90% in market value of the property. The appraised value of the Minard property and property taxes collected for 2019, based on the King County Department of Assessments information, is as follows:

Assessor's Parcel No.	Land Value	Improvement Value	Total Assessed Value	Tax Applied
1426049013	$4,604,000	$0	$4,604,000	$49,618.14

City staff agrees with the County's recommendation to grant the application, which will allow the property to be classified as open space. Maintaining and preserving the open space and public recreational area on this property will be a benefit to the public. In 2018, Daniels Real Estate purchased the undeveloped parcel (9.77 acres in size) to the south of this parcel and deeded it to the State, to offset any loss to the public for the use of the Seminary building. Now the Minard's property is contiguous to Saint Edward State Park and has trails linking the Parks trails to 59th PL NE.

The total tax on the full market value of $4,604.000 is $49,618.14. The City of Kenmore's regular rate is 1.04164 plus G.O. Bond of .25312 for a total rate of 1.29476 for 2019. Which would result in $5,961 taxes to the City of Kenmore from the Minard property at the full market value. 10% of market value is $460,400, the City of Kenmore's portion of taxes would be $596.11. That is a difference of $5,364.97 for the 2019 taxes from the Minard property owner. It should be noted that once the property tax reduction is awarded there is a tax shift whereby all other property tax payers in the district share in making up the lost revenue.

Mayor Baker opened the public hearing at 7:53 p.m.

Rick Shea
14925 59th Place NE
Kenmore, Washington 98028
Mr. Shea explained that he owns two properties next to the Minard property. He is concerned about pedestrian access on to the property. He stated that parking will be an issue. This classification could be bringing 50 to 100 people a day.

Rick Anthony
Mr. Anthony stated that he has lived in Kenmore for 50 years. He has always appreciated the Minards taking care of the property. He is also concerned about parking spaces.

Mr. Michael Minard
Mr. Minard explained that his dad bought the property and they cannot afford the taxes on the property. He stated that he understands the issues and concerns with parking but doesn't believe it will be an issue.

Karen Shea
Ms. Shea asked a few clarification questions about the property taxes.

Mayor Baker closed the public hearing at 8:09 p.m.

Council and staff engaged in a discussion.

BUSINESS AGENDA

Resolution 19-320, Approving an Open Space Classification for the Minard Property, King County Tax Parcel No. 1426049013

MOTION: **Councilmember Marshall made a motion to approve Resolution 19-320, Approving an Open Space Classification for the Minard Property, King County Tax Parcel No. 1426049013, Councilmember Smith seconded the motion. The motion passed unanimously.**

Park Impact Fee Rate Study - Debbie Bent, Community Development Director, Maureen Colaizzi, Parks Project Manager and Ben Yazici, Muni Manage, LLC.

Director Bent, Project Manager Colaizzi and Ben Yazici, with MuniManage LLC (City consultant) presented a PowerPoint presentation explaining the methodology and the results of the 2019 Park Impact Fee Rate Study. Park impact fees are charges paid by new residential development to reimburse the city for the costs of new public park facilities and improvements that will reasonably benefit the occupants of the new development.

Staff will be asking for Council direction on park impact fee rates for new single-family and multi-family development and timing for when new rates would go into effect. Based on Council direction, staff will prepare an Ordinance for Council consideration including adoption of the Park Impact Fee Rate Study along with any required amendments to development regulations (e.g. changing the Parks Study definition to reference the 2019 park impact fee rate study rather than the 2001 study). Impact Fee Regulations are within the Kenmore Municipal, Chapter 20.47. A Public Hearing is required prior to ordinance adoption. Staff recommends that the City Council adopt new Park Impact Fee (PIF) rates as set forth in Table 1 below beginning January 2, 2020:

Table 1: Recommended Park Impact Fees for Residential Development

Residential Development Type	Recommended Fee	Conditions Fee Applies per Dwelling Unit Type
Single-Family	$3,885	On a Lot: • Single Detached (KMC 18.20.840) • Designated Manufactured Home (KMC 18.20.695)
Multi-Family	$2,980	Attached: Multi-Family (KMC 18.20.835) *
Mobile Home	$1,942	Detached in a Mobile Home Park (KMC 18.20.1750): • Mobile Home (KMC 18.20.1750) • Manufactured Home (KMC 18.20.1675) • Designated Manufactured Home (KMC 18.20.695)

*includes owned or leased apartments and townhomes

Kenmore adopted Park Impact Fee rates in 2001 through a rate study. The City has annually considered adjustment of fees based on October to October CPI-W for Seattle without a study to review of the rate methodology. This year, staff worked with Ben Yazici of MuniManage LLC. to develop a new Park Impact Fee Rate Study (Attachment A). The study provides analysis of state statutes and updates the methodology used to calculate the PIF rates. The study determined the maximum rates that would be allowed by state law. The Rate Study resulted in maximum rates substantially higher than rates found in nearby cities. All six nearby municipalities have updated their PIF rate methodology and increased their rates within the last five years. Most have chosen to adopt lower rates than the maximum allowed by law established by their updated rate studies (Table 2).

Staff Recommended rates (Table 1) are proposed at the average of fees collected by surrounding cities as shown in Table 2.

Table 2: Park Impact Fee Comparison by City

Yr. Study Updated	City	2019 Fee Single-Family	2019 Fee Multi-Family
2017	Redmond	$4,585	$3,183
2017	Bothell	$4,165	$3,412
2015	Kirkland	$4,168	$3,168
2017	Shoreline	$4,090	$2,683
2015	Woodinville	$3,175	$3,175
2017	Mount Lake Terrace	$3,126	$2,260

Table 3 compares the staff recommended park impact fee rates with the maximum rates set by the 2019 rate study, the current 2019 rates set in the adopted fee schedule and the rates set by the 2001 rate study.

Table 3: Kenmore Park Impact Fee Rate Comparison

Rate Category	Rate Study Maximum	2020 Staff Recommendation***	Current 2019	2001
Single-Family	$6,663	$3,885	$2,737.11	$1086.80
Multi-Family	$5,591*	$2,980	$1,789.17	$710.60
Mobile Home	$6,663**	$1,942	$ 850.56	$627.00

* Includes owned or leased apartments and townhomes

** Included as a Single-Family category in the 2019 rate study

*** Staff's recommended rates (Table 1) are set at the average of fees collected by surrounding cities (Table 2)

Staff Recommendation Background:
Kenmore adopted Park Impact Fee rates in 2001 through a rate study. The City has annually considered adjustment of fees based on October to October CPI-W for Seattle without a study to review of the rate methodology. This year, staff worked with Ben Yazici of MuniManage LLC. to develop a new Park Impact Fee Rate Study (Attachment A). The study provides analysis of state statutes and updates the methodology used to calculate the PIF rates. The study determined the maximum rates that would be allowed by state law. The Rate Study resulted in maximum rates substantially higher than rates found in nearby cities. All six nearby municipalities have updated their PIF rate methodology and increased their rates within the last five years. Most have chosen to adopt lower rates than the maximum allowed by law established by their updated rate studies (Table 2).

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Mobile Home	$6,663**	$1,942	$ 850.56	$627.00

* Includes owned or leased apartments and townhomes
** Included as a Single-Family category in the 2019 rate study
*** Staff's recommended rates (Table 1) are set at the average of fees collected by surrounding cities (Table 2)

Single-Family Rate Comparison: The maximum rate in the Study for the Single-Family category is $6,663. The staff recommended rate is $3,885, which is a 44% reduction from $6,663.

Multi-Family Rate Comparison: The Study's maximum rate for Multi-Family is $5,591. Staff's recommended rate is $3,885, which is also a 44% reduction from $5,591.

Mobile Home Rate Comparison: Manufactured homes are included in the Single-Family category in the Study. Staff is recommending a rate for the Mobile Home category of $1,942, which is a 71% reduction from $6,663. This reduction would keep the rate more consistent with the current ($850.56) and historic rate of ($627.00).

Council and staff engaged in a discussion. The Council agreed with the staff recommendations. This agenda item will come back for further review and a public hearing will be scheduled.

<u>Ordinance 19-0486 Puget Sound Energy, Inc. Franchise Agreement and Contract 19-C2043 Memorandum of Understanding: Performance and Reliability Reporting</u>

Assistant City Manager Ousley explained that proposed agreements work in concert to: 1) permit and set the conditions for Puget Sound Energy (PSE) to locate its electrical and natural gas facilities int the public right of way and 2) require actions to report on and identify ways to improve electrical service reliability in Kenmore. The current Franchise Agreement between the City of Kenmore and Puget Sound Energy was approved in 2005. The proposed agreement is for a five-year term, with the ability to extend an additional five years by mutual agreement. As a privately-owned utility, PSE is regulated by the Washington Utilities and Transportation Commission.

The City Council discussed a proposed PSE Franchise and Memorandum of Understanding in January, 2018 and recommend additional attention to service reliability measures. The current proposal contains language updated since 2018 on: specific performance goals for Kenmore circuits performing in the lowest quartile of the PSE system (MOU Section 6); third parties that have facilities attached to PSE poles (Franchise Agreement Section 10 and Section 17); minor revisions to Vegetation Management (Franchise Agreement Section 18); and Electric Vehicle Charging Station partnership (MOU Section 10).

Right of Way provisions in the Franchise Agreement that have been updated and strengthened compared to the 2005 Agreement include: improved mapping of PSE facility locations; reporting on known third party users of PSE facilities; detailed procedures for relocating facilities that interfere with City public works projects; and accelerated vegetation patrols and trimming to reduce contact with electrical wires. Provisions for non--interference of facilities to safe passage of pedestrians and vehicles have been updated to include bicycles, and compliance with the Americans with Disabilities Act is now specifically mentioned. Procedures requiring disabling decommissioned natural gas facilities have also been added.

Declining electrical reliability and increasing incidences of outages caused widespread inconvenience, loss of business productivity and health concerns for Kenmore residents and businesses in recent years. The Administration and Council called for a turnaround in electrical service reliability, and PSE has made investments in 2016-2018 to improve electrical service in certain areas of the city. Kenmore residents and businesses have recently noted service improvements.

The proposed Memorandum of Understanding (MOU), which must be approved in order for the Franchise Agreement to take effect, requires annual detailed reports to the City Council and community on the frequency and duration of outages and how those metrics compare to the PSE system as a whole as well as neighboring jurisdictions served by other utilities. The MOU also covers identifying investments to improve reliability, improved ways of communicating with property owners who have utility easements that PSE needs to access for maintenance and repairs, and detailed procedures for emergency services and City long range planning cooperation.

The City commissioned an Electrical System Reliability Assessment in 2016 from Exponent Failure Analysis Associates, Inc., which confirmed the crisis in reliability in Kenmore in comparison to the overall PSE system and recommended actions that could improve power reliability in Kenmore. The report notes that seven of the ten electrical circuits in Kenmore performed in the lowest quartile of the entire PSE system. Exponent prepared a report on reliability goals in 2018 and concluded that given the reliability projects planned in 2016--2018, six of the circuits in the lowest quartile should see reliability improve. The City has retained Exponent to analyze future reliability metrics as outlined in the proposed MOU.

The WUTC approved a PSE proposal in December 2018 to initiate a pilot program relating to Electric Vehicle (EV) charging stations. The MOU language in Section 10 has been updated and states that Kenmore will be evaluated according the terms of the tariff along with other cities for installation of charging facilities.

Council, staff and PSE representatives discussed the agreement. This item will come back for further discussion on June 10, 2019.

Critical Area Regulations and Shoreline Master Program Amendments - Debbie Bent, Community Development Director and Lauri Anderson, Principal Planner

Director Bent and Principal Planner Anderson explained that at the last meeting, on May 13, the Planning Commission presented their recommendations on the CAR and SMP amendments included in your May 13 packer. The State requires an update to these regulations by June 30, 2019.

On May 20, staff will respond to questions (ideally provided in advance of the meeting) and receive direction from the City Council on any changes to the Planning Commission recommendations.

On May 20, staff also will present an additional wetland buffer amendment, considered and recommended by the Planning Commission on May 7. This recommendation was prompted by wetland huller width reductions proposed by the Department of Ecology on April 16 and adopted by the Planning Commission that
evening. Further reading of Ecology's most recent best available science guidance indicates that these reduced buffers assume a well-vegetated natural buffer-not a degraded buffer - and require that the buffer be either restored or widened if degraded. Considering how and whether to implement this expectation (not explicitly called out by Ecology), staff reviewed regulations in surrounding communities. Staff found that other cities include a requirement for degraded buffer enhancement. Ecology reviewed the Planning Commission 's recommended approach prior to the Commission's consideration.

Attachments 2 and 3 illustrate the buffer enhancement approach. If more than 500 sq. Ft. of new impervious surface is proposed on a site with a degraded wetland buffer, a proportional amount of enhancement to the degraded buffer or degraded wetland would be required. Legal nonconformances in the buffer would not be affected except by the applicant's choice.

As the new buffer enhancement amendments were not considered during the Planning Commission's public hearing (held on March 26), the City Council will need to hold a public hearing before adoption of the amendment package if the buffer enhancement amendments are included. This could also provide an opportunity to consider any changes requested by Council but outside of the topics covered in the Planning Commission public hearing. The public hearing and ordinance adoption tentatively are scheduled for June 10, 2019.

A very minor shoreline buffer change for Swamp Creek is included in Attachment 4. This is an error in the regulations that staff discovered when preparing the SEPA review for the project. The buffer table should include buffer numbers before the clarifying footnote (footnote 3), and, in one case, the footnote should be added. These buffers match those for the Sammamish River. The changes are shown in gray highlighting.

Council and staff engaged in a discussion. Council agreed with the recommendations. This item will come back on June 10, 2019.

ADJOURNMENT
The meeting adjourned at 10:11 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk