City of Kenmore, Washington
City Council Regular Meeting Minutes
July 10, 2017

CALL MEETING TO ORDER — The Kenmore City Council meeting was called to order by Mayor Baker at 7:00 p.m.

Councilmembers present: Mayor David Baker, Deputy Mayor Allan Van Ness and Councilmembers Brent Smith, Laurie Sperry, Milton Curtis, Nigel Herbig and Stacey Denuski.

Staff present: Rob Karlinsey, City Manager; Nancy Ousley, Assistant City Manager; Joanne Gregory, Finance and Administration Director; Debbie Bent, Community Development Director; Bryan Hampson, Development Services Director; Rod Kaseguma City Attorney; Dawn Reitan, Assistant City Attorney; Samantha Loyuk, Associate Planner and Kelly Chelin, City Clerk.

FLAG SALUTE
The Council led the flag salute.

AGENDA APPROVAL
The agenda was approved as submitted.

CITIZEN COMMENTS
Karen McFadden, 19604 66th Avenue NE, Kenmore.
Ms. McFadden asked the Council to look for a different location for the ballfields. She suggested maybe LakePointe or another location.

Phyllis Finley, 5962 NE Arrowhead Drive, Kenmore.
Ms. Finley asked the Council to look at different alternatives for the ballfields like eliminating the artificial turf. She stated there are various ways that kids can stay active.

Corina Pfeil, 18904 68th Avenue NE, Kenmore.
Ms. Pfeil spoke about the pride gathering on Friday for Kenmore/Bothell from 3:00-7:00 p.m.

John Hendrickson, 5919 NE 202nd Lane, Kenmore.
Mr. Hendrickson spoke against the ballfields at St. Edwards. He would like to see the City invests in ballfields on City-owned property.

CONSENT AGENDA
Councilmember Sperry moved to approve the consent agenda as submitted, Councilmember Herbig seconded the motion. The motion passed 7-0.

The consent agenda included the following:

The Following Checks and Electronic Payments are Approved for Payment:
Total Check Numbers 37182 through 37287 in the Amount of $464,232.62.
Total Payroll Electronic Deposits Dated 06/23/2017 in the Amount of $80,889.62.
Payroll Check Numbers: 9845, 9846, 9889 & 9890 in the Amount of $3,484.03.

Regular City Council Meeting Minutes of June 12, 2017

Resolution 17-297 Adopting Changes to the City's Personnel Policies to Establish a Paid Parental Leave Policy

Ordinance 17-0438 Adopting Amendments to the Kenmore Municipal Code in Order to Streamline and Simplify the Zoning Code and Apply Consistent Land Use Terminology Throughout the Zoning Code

BUSINESS AGENDA

Spencer Square South Update - Bryan Hampson, Development Services Director and Samantha Loyuk, Associate Planner

Director Hampson explained to Council that on November 3, 2014, Council approved a purchase and sale agreement with MainStreet Property Group LLC ("MainStreet") for the commercial portion of the Kenmore Village property; Resolution No. 14-250. The purchase and sale agreement consisted of two properties (Exhibit A):

- Parcels D & B: The area north of the Town Square; and
- "Optional" Parcel C: The parcel located westward of the Town Square.

In 2015, MainStreet purchased Parcels D and B, and quickly pursued development of the LINQ, on Parcel D. The LINQ is a 150,000-square-foot building consisting of five stories, basement-level structured parking, 94 residential units ("flats"), and 20,000 square feet of office/retail on the first floor (Evergreen Health). The LINQ is now occupied and tenant improvement work for Evergreen Health is well underway. The purchase and sale agreement gave MainStreet a option to purchase Parcel C, with limitations and conditions. One such condition, required MainStreet to provide a lease for a "sit-down" restaurant, prior to initiating the sale. The option was scheduled to expire in April 2017 with a potential six-month extension available, at a cost. MainStreet exercised the extension provision and the option to buy has been extended to October 2017.

On August 3, 2015, Council approved a Development Agreement ("DA") and Site Plan to establish standards for developing the parcels; Contract No. 15-C1449. The DA and Site Plan reflect four phases and did not require the developer to pursue phases in any specific order:

- **PHASE A:** One single-story, 20,000-square-foot commercial building at Parcel B;
- **PHASE B & C:** Mixed-use building and structured parking garage (LINQ) at Parcel D; and
- **PHASE D:** Sit-down Restaurant building at Parcel C.

In the DA, MainStreet acknowledged that both buildings (Phases A & D), when designed, would be subject to design review and subject to a DA amendment if deviations from the Kenmore Municipal Code ("KMC" or "code") were proposed, including deviations from minimum parking requirements.

MainStreet has recently provided conceptual-level drawings (Exhibit C) which demonstrate general compliance with the requirements of the KMC. MainStreet is proposing to meet the code, thereby avoiding a DA amendment. Development Services staff reviewed the conceptual-level plans as part of a pre-application meeting and has determined that, while some changes to the plans are necessary, the project is generally capable of meeting design review requirements. The conceptual plans propose the following:

- Parcel B: Construct one commercial building fronting 68th Avenue NE, featuring approximately 4,200 square feet of retail/commercial along 68th Avenue NE with 19 residential flats above and tuck-under parking. The southwest portion of the building includes 1,500 square feet of commercial or residential ("Live or Work") fronting Town Square with 5 townhome-style units above.
- Parcel B: Construct one restaurant/office building containing a 5,000-square-foot sit-down restaurant and 3,000 square feet of office space.

Parcel B & C: the developer proposes high-end exterior finishes, expansive glass and enhanced space-activating pedestrians landscaping, pathways, and connection points.

Council and staff engaged in a discussion.

<u>Kenmore Business Incubator Update - Nancy Ousley, Assistant City Manager</u>

Assistant City Manager Ousley explained that the Kenmore Business Incubator was established in 2013 to support business development and growth. Incubator companies have the opportunity to locate in affordable leased office space and work with an experienced business development consultant to grow their business. For businesses that don't need work space, the program offers the Virtual Incubator Program, which provides business development consulting services. Program Consultant Corey Hansen will participate in the presentation.

The Incubator Program has worked with a total of 26 companies since 2013, and we currently are working with 17 companies. Over 250 jobs have been associated with Incubator companies. The Program also offered two Business Acceleration Training series in the past year, which was supported by the Port of Seattle Economic Development Partnership grant program, with a match from the City's General Fund. Twenty-one businesses participated in that training, and several participating businesses later joined the Virtual Incubator Program.

Corey Hansen, the City's consultant and Rebekah Weston from Red Barn Engineering also presented to the City Council. Ms. Weston is a business owner in the incubator building.

<u>Proposed Amendments to the Adopted 2017-2022 Capital Improvement Program for Parks, Transportation and Surface Water - Rob Karlinsey, City Manager; Joanne Gregory, Finance and Administration Director; Debbie Bent, Community Development Director and Kris Overleese, Public Works Director</u>

Director Gregory explained that the 2017-2022 Capital Improvement Program was adopted on October 24, 2016 and the years 2017 and 2018 were incorporated into the Biennial Budget. The recommended updates and amendments provide for carryover of unspent funds from 2016 as well as adjustments to project budgets based on bids, change orders, and other factors impacting the projects.

- Transportation Project T 27 Sidewalks: NE 202nd St. This project, funded by a Safe Routes to School Grant, a Complete Streets Grant, and City Impact Fees, provides for a new sidewalk along the south side of NE 202nd Street from NE 201st Place to 66th Ave NE and new sidewalk along both sides of 66th Ave NE from NE 202nd Street to Kenmore Junior High

School. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of $78,954 would be needed (Attachment 1). The most current estimate for additional funds has increased from $78,954 to $90,915 of Transportation Impact Fees and is due to bids higher than the Engineer's estimate, additional design costs, and carryover of $1,731 of unspent funds from 2016.

- Transportation Project T 27 Sidewalks: 62nd Ave NE. The project, funded by the Highway Safety Improvement Program Grant and City Real Estate Excise Taxes, provides for a new sidewalk along the east side of 62nd Ave NE from just south of NE 181st St to NE 185th St. The City Council authorized the execution of the construction contract on April 24, 2017 at which time Council was advised that a budget amendment of $124,215 would be needed (Attachment 2). The most current estimate for additional funds has increased from $124,215 to $140,430 of Real Estate Excise Taxes and is due to unanticipated replacement of a retaining wall, redesign efforts to address concerns of residents, and carryover of $9,950 of unspent funds from 2016.

- Transportation Project T 27 Sidewalks: Arrowhead Drive. The project would build new sidewalks on the west side of NE Arrowhead Drive from Arrowhead Elementary to approximately 1000 feet north. The project was not selected for a Safe Routes to School Grant this year but will be resubmitted during the next cycle and it is recommended to move the project schedule out one year.

- Transportation Project T 37 West Sammamish Bridge Replacement. This project replaces the southbound structure of the bridge which is considered structurally obsolete. The project cost to complete is currently estimated to be $30.6M. An additional $9M in funding is programmed for the years 2020 and 2021 and may come from a combination of grants ($7M) and/or debt ($2M 10 year note to be repaid with REET).

- Transportation Project T 39 Neighborhood Transportation Improvements. This project implements and/or constructs traffic calming measures and bicycle/pedestrian improvements identified through the citizen engagement process that occurred in the prior biennium. The City Council received an update on this project on April 24, 2017 (Attachment 3). Current cost estimates indicate that an additional $15,000 is needed, in addition to the current budget of $110,000, in order to complete the improvements. This project is funded with Real Estate Excise Tax.

- Park Project P 1 Twin Springs Interim Use Plan. $40,000 is budgeted for an interim use plan for this property and an additional $25,000 is requested for staff and consulting efforts to seek grant funding for improvements. This portion of the project would be funded with King County park levy funds. In 2020, $1,100,000 is proposed to be added to the CIP for construction of the park improvements utilizing a combination of potential grants ($500K) and City funds (REET $300K and Impact Fees ($300K).

- Park Project P 2 Tolt Pipeline Trail Ph 1. This project improved the trail entrances at 68th Ave NE and 71st Ave NE and connections to existing paved sidewalk trail. This project is complete except for signage and was completed under budget by $80,000.

- Park Project P 6 Moorlands Park Improvements. This project includes ballfield renovation, restroom, pathways, play equipment, and landscaping. On February 13, 2017 the

City Council approved a budget increase of $412,980 to improve underdrainage of the outfield (Attachment 4).

On June 12, 2017 the City Council authorized the execution of the construction contract and were advised that a budget amendment would be necessary to cover an additional $161,000 due to bids exceeding the Engineer's estimate (Attachment 5). In rechecking the costs of the project, it was discovered that the shortfall was actually $210,000. These additional costs are offset by a $250,000 (less 10% admin) award in the State's Capital Budget. The additional City resources needed are 398,000 of Real Estate Excise Tax. The revised budget would be $2,190,020.

- Park Project P 11 Log Boom Park Pedestrian Bridge. This project constructed a bridge over the outfall of Stream 0056 providing public access from Log Boom Park to the public portion of the adjoining marina property. The CIP amendment and budget request of $203,376 is to carryover unspent funds from 2016.

- Park Project P 18 Rhododendron Park Waterfront & Open Space. This is a bond funded project which provides for a connection between the existing park, through the wetlands, to the Sammamish River, with additional parking. Construction bids were opened on June 19, 2017 (the bid included this project as well as the Rhododendron Float and the Squires Landing Dock and Float). Bids exceeded Engineer's estimates by $248,000 for this project and would utilize additional bond funds.

- Park Project P 18a Rhododendron Park Float. This project completes the construction of a float at the Park. It was included in the bid with Project P 18. The bids exceeded Engineer's estimates by $149,000 which would be funded by King County Park Levy revenues. Other funding sources are Park Impact Fees and Strategic Opportunity Fund.

- Park Project P 29 St. Edward Ballfield Improvements and Lighting. This project renovates two existing ballfields and adds turf, a perimeter walkway, bleachers, dugouts, landscaping, parking improvements, and field lighting. The proposed project budget for the period 2017-2019 is $4,915,000. Funding sources would include an RCO grant ($750,000), King County Recreation Grant ($611,000), Real Estate Excise Taxes ($2,100,000), Park Impact Fees ($314,000), Strategic Opportunity Fund ($640,000) and General Fund ($500,000). On June 12, 2017 the City Council received a status update on the project which included costs and potential funding sources (Attachment 6).

- Park Project P 30 Rhododendron Park Boathouse Pavilion. This project is proposed to erect an interim boathouse and is dependent on funding from the State budget in the amount of $225,000 ($250,000 less 10%).

- Surface Water Project SW 8 190th Culvert at 61st. This project would install new box culvert and related improvements near 61st Ave NE and NE 190th. Funding would be from a Public Works Trust Fund (PWTF) Loan. Application has been made but the status of the PWTF is uncertain so it is proposed to move this project out another year along with the scheduled annual repayments of approximately $153,000.

- Surface Water Project SW 19 NE 192nd St. Culvert Replacement. This project removes and replaces the existing culvert for the Little Swamp Creek crossing at NE 192nd St. On April 24, 2017 the City Council authorized the execution of the construction contract and were advised that a budget amendment may be necessary to cover costs of construction management and contingencies (Attachment 7). A potential budget amendment of $117,581 was noted at that time. Due to increases in construction management and some additional materials testing, the budget amendment requested has increased to $125,000 which maintains a 10% contingency. This project is funded with Surface Water fees.

Council discussed the projects. An ordinance approving the amendments to the adopted 2017-2022 Capital Improvement Program for Parks, Transportation and Surface Water will come back for adoption at the July 24, 2017 meeting.

STAFF REPORT

City Manager Karlinsey reported that there is a joint legislative update tomorrow night at City Hall along with the City of Lake Forest Park. The 46th legislative delegation will be in attendance from 6:00-7:00 p.m.

COUNCIL REPORTS

Councilmember Curtis reported that the first movie in the square was a great event.

Councilmember Sperry reported that the fireworks show on 4th of July was awesome.

Deputy Mayor Van Ness reported that the City events are getting bigger and better every year.

Mayor Baker reported that he is enjoying the summer concerts. He also stated that he will be absent for the July 17 Council Meeting. He is at a City meeting in Spokane.

ADJOURNMENT

Mayor Baker adjourned the meeting at 9:32 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk