

City of Kenmore, Washington
City Council Regular Meeting Minutes
July 24, 2017

CALL SPECIAL MEETING TO ORDER — The Kenmore City Council special meeting was called to order by Mayor Baker at 6:00 p.m.

EXECUTIVE SESSION

Mayor Baker recessed the special meeting to an executive session at 6:00 p.m. to discuss Litigation and Potential Litigation with legal counsel, pursuant to RCW 42.30.110(1)(i). He stated that the executive session will last for approximately 60 minutes.

Mayor Baker adjourned the special meeting at 6:45 p.m. There was no action.

The Council took a break from 6:45 p.m. to 7:00 p.m.

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
Councilmember Brent Smith
Councilmember Laurie Sperry
Councilmember Milton Curtis
Councilmember Nigel Herbig

Councilmembers absent:

Councilmember Stacey Denuski

Staff present:

Rob Karlinsey, City Manager
Nancy Ousley, Assistant City Manager
Joanne Gregory, Finance and Administration Director
Debbie Bent, Community Development Director
Kris Overleese, Public Works Director
Rod Kaseguma City Attorney
Brian Randall, Accountant
Janet Quinn, Special Projects Manager
Kelly Chelin, City Clerk

FLAG SALUTE

The Council led the flag salute.

AGENDA APPROVAL

The agenda was approved as submitted.

PRESENTATIONS

Professional Finance Officer Awards for Joanne Gregory, Finance and Administration Director and Brian Randall, Accountant - Rob Karlinsey, City Manager

CITIZEN COMMENTS

Vicki Grayland
20308 73rd Avenue NE
Kenmore, Washington 98028

John Koudela III
6626 NE 182nd Street #304
Kenmore, Washington 98028

Patrick O'Brien
6330 NE 181st Street
Kenmore, Washington 98028

David Lane
15827 61st Lane NE
Kenmore, Washington 98028

John Hendrickson
5919 NE 202nd Lane
Kenmore, Washington 98028

Elizabeth Mooney
5934 NE 201st
Kenmore, Washington 98028

CONSENT AGENDA

Councilmember Sperry moved to approve the consent agenda as submitted, Mayor Baker seconded the motion. The motion passed 7-0.

The consent agenda included the following:

Regular City Council Meeting Minutes of June 19, 2017, June 26, 2017 and July 10, 2017

The Following Checks and Electronic Payments are Approved for Payment:

Total Check Numbers: 37288 through 37399 in the amount of \$1,009,529.43.

Payroll Check Numbers: 10022 & 10023 in the Amounts of \$486.48 and \$509.70.

Total Payroll Electronic Deposits Dated: \$82,849.66

Cancel all Regular Council Meetings in the Month of August, 2017

Authorize the City Manager to Execute Agreement 17-C1744 for an Amount Not to Exceed \$120,000 for the Dredging of Wallace Swamp Creek Park Sediment Pond

Resolution 17-298 Authorizing the City Manager to Enter into a Multifamily Housing Property Tax Exemption Agreement with MSPT LLC for Phase III of the Kenmore Village Residential Project

Authorize the City Manager to Execute Amendment No. 6 with Osborn Consulting (Contract 12-C1081) to Increase the Contract by an Additional \$150,000 to a Total Contract Amount of \$1,156,000

Ordinance No. 17-0440 Granting MCImetro Access Transmission Services Corp., D/B/A Verizon Access Transmission Services a Franchise Agreement to Install and Maintain a Telecommunication System Within the City Owned Right-of-Way

Authorize the City Manager to Execute Contract No. 17-C1748, an Interlocal Agreement Regarding Park Improvements to be Completed by Northshore Utility District

Approve Hangar Building Facility Use Policies

BUSINESS AGENDA

Review and Approval of Changes to 2018 Health Insurance Plan and Creation of City Funded Employee HRA VEBA Plan (Health Reimbursement Arrangements Voluntary Employees' Beneficiary Association)

Director Gregory explained that City employees currently have the option to be insured under one of four AWC Employee Benefit Trust plans which included two zero deductible plans and two high deductible plans. At the end of 2017, the two zero deductible plans will be eliminated by AWC. An employee committee was formed to consider alternative plans for 2018. The committee's directive was to find plans that offered benefits as close as possible to those in the expiring plans and to stay within the budgeted amount, including the 6% budgeted premium increase for 2018, for City healthcare overall.

After extensive research, the Committee's recommendation for 2018 is to offer employees a choice of one of the Regence BlueShield or Kaiser Permanente (formerly Group Health) \$250 deductible plans and continue to offer the Regence and Kaiser high deductible plans that are currently being offered. The new plan deductibles are \$250 for a single employee and up to \$750 for a covered family; the potential annual out of pocket increases from \$2,200 to up to \$6,000 for a covered family on the Regence plan and increase from \$4,200 to \$5,000 for a covered family on the Kaiser plan.

In consideration of the higher deductibles and potentially significant higher out of pocket costs for employees, the committee proposes that the City use the 6% budgeted increase in healthcare costs to establish and fund a Health Reimbursement Arrangement Voluntary Employees' Beneficiary Association (HRA VEBA) using a three, tiered structure: \$450 for each employee covering only the employee; \$900 for each employee covering the employee plus one other family member; \$1,350 for each employee covering the employee plus two or more other family members. An HRA VEBA provides for medical benefits to members under Internal Revenue Code 501(c)(9) and is a benefit offered to more than 50,000 participants from over 500 governmental employers (including 158 cities) in the Northwest. Such medical benefits can be used to reimburse qualified out-of-pocket medical expenses; contributions, interest earned, and withdrawals for claims that are tax exempt.

These contributions would not apply to employees choosing High Deductible Health Plans with Health Savings Accounts.

This recommendation is effective for 2018 only. The employee committee favors continuing the research already begun, exploring new options that may arise during the coming year, and developing a recommendation for 2019 during the next 12+ months.

The creation of the HRA VEBA may require a Resolution by the City Council which would be presented for approval at a meeting in September.

MOTION: Councilmember Curtis made a motion to approve the 2018 AWC Healthfirst 250 and Kaiser Access PPO 250 Insurance Plans and Creation of City Funded Employee Health Reimbursement Arrangement, Mayor Baker seconded the motion. The motion passed 5-1-0 with Councilmember Smith voting no.

Review and Discussion of Updated Information Technology Policy and Procedure - Rob Karlinsey, City Manager and Janet Quinn, Project Coordinator

Project Coordinator Quinn explained that technology changes rapidly and this updated policy was revised to be more comprehensive than the old policy. Its goal is to allow for reasonable use of technology without compromising the City's compliance with Washington's Public Records Act (PRA) (Chapter 42.56 RCW) and other laws. Key changes: Includes text messaging and relationship to the PRA; augmented security and confidentiality sections; expanded guidelines for internet use - both appropriate and inappropriate; added guidelines for complexity of passwords; added stipend for personal devices, if authorized to use personal device in lieu of City-issued device.

The policy has been reviewed by Management team and input has been solicited and incorporated from all employees.

Staff and Council engaged in a discussion. This item will be brought back for a vote in September.

Ordinance No. 17-0441 Amending the 2017-2022 Capital Improvement Plan - Joanne Gregory, Finance and Administration Director

Director Gregory explained that the six-year Capital improvement Program for the period 2017-2022, was presented for the City Council's review and discussion on July 10, 2017. 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.

Two changes were made based on the discussion at the July 10, 2017 City Council meeting: 1) The Arrowhead Sidewalk Project was moved out one more year (to 2019) due to grant application cycles and 2) the Strategic Opportunity Fund contribution of \$640,000 to the St. Edward Ballfield Project was replaced with \$210,000 additional Park Impact Fees and \$430,000 additional Real Estate Excise Tax. On July 17, 2017, the City Council received an update to the West Sammamish River Bridge Replacement Project budget. Based on that discussion, the recommendation is to decrease the amount of the Unsecured Grant for the West Sammamish Bridge Replacement from \$7,000,000 (placeholder estimate) to \$6,900,000 in 2020. This adjusts

for the added cost of sidewalk in front of Rhododendron Park with an increased funding request for TIB or other grants. The project budget was also adjusted for the \$100,000 decrease.

The projects affected by the final recommended amendments include:

- 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. 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. 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 two years.

- 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 \$30.5M. An additional \$8.9M in funding is programmed for the years 2020 and 2021 and may come from a combination of grants (\$6.9M) 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. 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 I 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 utilize a combination of potential grants (\$500K) and City funds {REET \$300K and Impact Fees (\$300K).

•Park Project P 2 Tait 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. 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. 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 (\$2,530,000), Park Impact Fees (\$524,000) 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.

•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. 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.

MOTION: Councilmember Sperry made a motion to approve Ordinance No. 17-0441 Amending the 2017-2022 Capital Improvement Plan, Councilmember Smith seconded the motion. The motion passed 6-0.

MOTION: Councilmember Curtis made a motion to revisit Ordinance No. 17-0441 after the State Capital Budget, Mayor Baker seconded the motion. The motion passed 6-0.

Ordinance 17-0443 Amending the 2017-2018 Biennial Budget - Joanne Gregory, Finance and Administration Director

On December 12, 2016, the City of Kenmore adopted the 2017-2018 biennial budget. The city-wide budget includes revenue (\$54,396,768) and expenditures (\$56,711,949) estimates for both years which support the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates.

Director Gregory explained that this will be the first budget amendment for the current biennium. The majority of the recommended amendments pertain to the budgets for capital projects and related funding sources for those projects that results from the recent update and recommended updates to the 2017-2022 (CIP) Capital Improvement Program. Funds affected include the General Fund, the Kenmore Village Fund, the Strategic Opportunities Fund, the UTGO 2016 Bond Fund (new), the Walkways & Waterways Bond Fund (new), the Real Estate Excise Tax Fund, the Transportation Impact Fee Fund, the Park Impact Fee Fund, the Transportation Capital Fund, the Park Capital Fund, the Surface Water Management Fund and the Surface Water Capital Fund. The proposed amendments were introduced and reviewed by the City Council at the July 17, 2017 Council meeting.

MOTION: Councilmember Herbig made a motion to approve Ordinance No. 17-0443 Amending the 2017-2018 Biennial Budget, Councilmember Curtis seconded the motion. The motion passed 6-0.

Love Your City Microgrant Program - Leslie Harris, Community Relations Manager

Manager Harris explained that at the March 27, 2017 City Council meeting, Council approved a pilot microgrant program that encourages community members to design and implement "Love Notes" in Kenmore. The Love Your City microgrant would invite community groups and residents to submit a proposal that may request up to \$500 to help support a new event or project within Kenmore. City Council requested reviewing the application guidelines prior to launching the pilot microgrant program.

The draft Love Your City microgrant program application guidelines is included in the packet. City staff is seeking feedback and approval of the Love Your City microgrant program application guidelines. If approved, City staff will begin marketing the program in anticipation of accepting applications this fall.

At the For the Love of Kenmore workshop in 2015, Kenmore businesses and individuals donated money to support a \$500 grant for the project that received the most votes. There were several great ideas presented at the workshop, including various community events, neighborhood block party, public art projects, Hank Heron stencil, t shirt design, and others. While a few of the ideas came to fruition, additional projects may have been implemented if there was encouragement along with monetary support.

At the For the Love of Kenmore: To the Next Level workshop on April 3, 2017, instead of awarding a \$500 grant to a single project, the City announced that City Council approved the idea of a pilot microgrant program that encourages community members to design and implement a "Love Note" in Kenmore. A microgrant is a small, one time only, cash awards given to community groups or others for short--term community projects. The microgrant projects (Love Notes) are designed and implemented by the community groups (co-creators) themselves.

This pilot program can be funded by the Community Event Sponsorship budget. Kenmore City Council allocated \$20,000 in the 2017-2018 biennial budget to support community organized events. The 2015-2016 biennial budget supported events such as the Kenmore Hydroplane Cup, Kenmore Air Seaplane Fly-In, Kenmore Waterfront Activities Fair, and others that brought the community together. City staff recommendation would be to allocate \$5,000 toward a pilot microgrant program for 2017-2018. The pilot program will be evaluated in 2018 as part of the biennial budget development.

The Community Tool Box website outlines some benefits of a successful microgrant program:

- They inspire creative and innovative thinking
- They are an excellent way to reach "hard to reach" or "yet to be reached" people, because they are awarded to groups (like parent teacher associations, scouts, neighborhood organizations) that have access to many more citizens than traditional health and human service organizations
- Many grass--roots groups are not eligible for traditional grant funding. For example, they may not have federal tax--exempt status (a common grant requirement), or, they may not have another organization to act as a fiscal conduit for them. Thus, microgrants give them a chance to get hold of resources that would otherwise go only to bigger fish.
- The small amounts of money tend to discourage large agencies from applying, while encouraging smaller, innovative groups who might not otherwise respond
- Microgrant money tends to buy products, not staff. In--kind contributions of staff time increase with microgrant use. And having to make money go a long way forces people to bring other resources into play, thus increasing the amount of matching and volunteer projects receive.
- They can bring new partners into your efforts
- They can build political and community support

MOTION: Councilmember Smith made a motion to approve the Love Your City Microgrant Program, Councilmember Sperry seconded the motion. The motion passed unanimously.

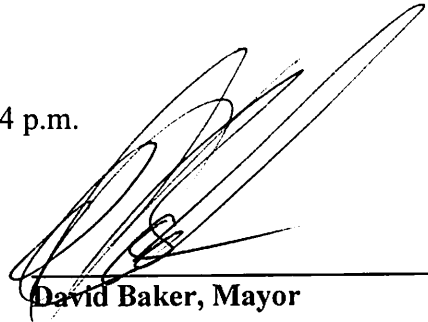
Presentation of June 2017 Financial Report for the City of Kenmore, Washington

The June 2017 monthly financial report was presented for Council review. This provides the opportunity for the City Council and the community to receive information on the City of Kenmore's biennium to date revenues and expenditures in comparison to the City's 2017-2018 adopted biennial budget. The budget was adopted on December 12, 2016. It also provides an opportunity to identify any potential variances or fluctuations from the budget.

Director Gregory explained that generally departmental workload and performance measures are included with the June financial report. These measures are not yet complete and the information will be attached to the July report. Due to the summer break, staff felt it was important to publish the June financial report as soon as possible.

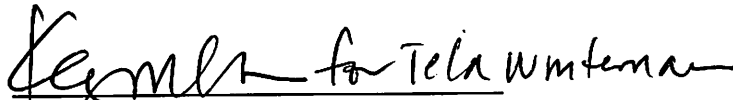
ADJOURNMENT

Mayor Baker adjourned the meeting at 9:24 p.m.



David Baker, Mayor

ATTEST:



Tela Whiteman, Acting City Clerk