

**City of Kenmore
City Council Regular Meeting
Minutes
September 9, 2019**

CALL TO ORDER - Mayor David Baker called the meeting to order at 6:05 p.m.

EXECUTIVE SESSION

The meeting recessed to executive session pursuant to RCW 42.30.110(1)(i) to discuss Potential Litigation and Litigation for approximately 1 hour.

RECONVENE TO REGULAR SESSION

The meeting reconvened to regular session at 6:45 p.m.

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

7:00 p.m. ACTION RELATING TO EXECUTIVE SESSION

MOTION: Councilmember Smith made a motion to authorize the City Manager and his designees to enforce the Frontier Cable TV franchise as authorized by the Franchise, Mayor Baker seconded the motion. The motion passed 6-0.

ROLL CALL

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

FLAG SALUTE

AGENDA APPROVAL

The Mayor noted one change: The National Recovery Month proclamation will be rescheduled to the September 16, 2019 Meeting.

PRESENTATION

Introduce Maura Query, Administrative Assistant

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Kenmore Village Downtown Creation VISION 2040 Award - Josh Brown, Executive Director, PSRC

PROCLAMATION

The following proclamation was rescheduled to the September 16, 2019 meeting:
National Recovery Month - September, 2019

CITIZEN COMMENTS

Nadia Reigna Silver
18230 70th Lane NE, Unit 206
Kenmore, Washington 98028

Ms. Silver thanked the Council and staff for cleaning up the litter along the tolt trail.

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CONSENT AGENDA

MOTION: Deputy Mayor Herbig made a motion to approve the consent agenda, Mayor Baker seconded the motion. The motion passed 6-0.

The consent agenda included the following:

Total Check #s 42999 through 43096 in the amount of \$1,192,115.35.
Total Payroll/Taxes/Flexible Spending/Retirement & Health Savings Account Electronic Deposits Dated: 8/2/19 in the amount of \$165,494.81.
And 8/2/19 Payroll Check #10146 in the amount of \$77.17.

Authorize the City Manager to Execute Contract 19-C2092 with Department of Ecology to Accept 2019-2021 Solid Waste Management Local Solid Waste Grant Funds

Ordinance 19-0495 Repealing KMC Section 3.35.170 Utility Tax Relief Program

Ordinance 19-0497 Amending the 2019-2024 Capital Improvement Program for Parks, Transportation and Surface Water

Authorize the City Manager to Execute Contract 19-C1976, Amendment No. 1 with Red Barn Engineering for Development Engineering Inspection Services

Authorize the City Manager to Execute Contract 19-C2061 Amendment No. 1 with Washington State Parks and Recreation Commission, Regarding Reimbursement for Costs for an Environmental Impact Statement (EIS) for the St. Edward Ballfield Improvement Project

BUSINESS AGENDA

Resolutions 19-327 and 19-328 Providing for Support or Opposition to Initiative 976, Limits on Motor Vehicle Excise Taxes and Fees Measure - Rob Karlinsey, City Manager and Joanne Gregory, Finance and Administration Director

Additional Opportunity for Public Comment: Pursuant to RCW 42.17A.555, members of the public and councilmembers will receive an approximately equal opportunity to express an opposing view.

RCW 42.17A.555 states that a legislative body can take action to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or ordinance, or to support or oppose a ballot proposition so long as (a) any required notice of the meeting includes the title and number of the ballot proposition, and (b) members of the council or members of the public are afforded an approximately equal opportunity for the expression of an opposing view.

Under this statute, the City Council may consider taking a position on the upcoming Initiative 976, Limits on Motor Vehicle Excise Taxes (MVET) and Fees Measure. If City Council chooses to take a position on the initiative it could send a message to residents and voters and help educate them on the issue. Following is a discussion of the facts relating to the measure.

A YES vote would:

- Limit license fees for vehicles under 10,000 pounds to \$30 a year
- Change the assessment base for MVET from manufactures suggested retail price (MSRP) to Kelley Blue Book values
- Repeal Sound Transit's authority to assess a MVET
- Repeal Kenmore's and other agencies authority to establish a transportation benefit district (TBD) and collect fees
- Repeal other various fees and taxes on motor vehicles charged by other agencies

A NO vote would:

- Keep in place current standards for taxes and fees on motor vehicles

History

In 2005 RCW 36.73.170 became effective. This legislation found that citizens of the state could benefit and address transportation needs by forming a transportation benefit district (TBD) that could be a separate taxing entity established by local governments. Kenmore established one in 2012 and has been collecting a car tab of \$20 since. Subsequent legislation allowed cities like Kenmore to dissolve the TBD and keep the \$20 fee in place.

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In November of 2008 voters approved the Sound Transit 2 ballot measure. This measure gave authority to Sound Transit to levy a tax to help fund a multitude of projects ranging from express bus services, commuter rail, and 36 miles of light rail. Many of these projects benefit Kenmore residents and are underway, completed, or still being paid off. In 2016 voters approved Sound Transit 3, another ballot measure for increased authority to tax and additional projects. This includes 62 new miles of light rail, bus rapid transit improvements, and sounder train capacity expansion. Sound Transit charges vehicle fees to help fund ST2 and ST3.

In 1999 and 2002 voters capped vehicle registration fees to \$30, but additional legislation like Sound Transit 3, Senate Bill 5987, and the 2005 TBD law allowed for additional car tab fees, property tax on vehicles, and sales tax on vehicle sales to finance additional transportation improvements.

Tim Eyman—the main sponsor of the Initiative—feels that legislation in 1999 and 2002 has been disregarded and that a \$30 cap should be enforced and any other form of vehicle fees and taxes should have to get a two-thirds vote in the legislature to pass. He has filed multiple versions of initiatives related to this issue every year between 2003 and 2018.

Arguments for:

Proponents believe registering and owning a car would become more affordable since fees would be capped at \$30. This way voters could not be surprised by large fees when trying to keep their own vehicles. Also, the system for taxation for those that still have authority to levy a tax on cars would be cheaper and more equitable. Instead of being based off of MSRP (more expensive and often not what owners could make if they sold their car) to Kelley Blue Book values (less expensive and what used cars are often appraised by). Proponents also feel that this would help motivate Sound Transit and other agencies to get out of debt and make paying off bonds that were financed with the tax money a priority. Kenmore residents would not have to pay the additional \$20 car registration fee and would not have to pay a yearly tax on their vehicle and could use their money for other things.

Arguments against:

Those opposed to the Initiative is afraid that voters will repeal these taxes without thinking about the impact of services and agency budgets. The appeal of a tax break may garner a large amount of votes but citizens will be surprised to find projects they are expecting will not be funded. Kenmore specifically would lose money that funds pavement improvements and potentially bus rapid transit systems. The opposition believes this cut overtime will lead to increased traffic and a reduction in sustainable alternatives to driving. Kenmore residents would also feel the effects of regional transit projects that would not be funded like light rail. Opposition also believes that a tax on the weight of a vehicle is more equitable than a fuel tax because heavier vehicles damage the road, that is why the fee system exists as it does currently and should not be changed.

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If the initiative were to pass the City anticipates a loss of approximately \$350,000 a year in car tab fees. These funds are used to pay for road maintenance. This would also impact any projects that the City partners with Sound Transit for because their budget will be significantly impacted. Sound Transit forecasts a loss of 6.95 billion dollars.

Mayor Baker opened the meeting for public comment.
There were no public comments.

MOTION: Deputy Mayor Herbig made a motion to adopt Resolution 19-328 Providing Opposition to I976, Councilmember Curtis seconded the motion. The motion passed 6-0.

School Impact Fees - Debbie Bent, Community Development Director and Lauri Anderson, Principal Planner

Denise Stiffarm, representing Northshore School District (NSD), presented to the Council on increases in school impact fees and answer Councilmember questions about those fees. Although the District may request school impact fees, it is a City Council decision to approve or not approve them through adoption of the City's annual fee resolution.

Current school impact fees are:

Single-family: \$10,573

Multifamily: \$0

Proposed school impact fees based on the Northshore School District's 2019-2025 Capital Facilities Plan (see Attachment 1) are:

Single-family: \$20,092

Townhome and Multifamily (2+ bedroom): \$3,540

The District's Capital Facilities Plan (CFP) provides more detail on the fee calculations beginning on page 31.

King County, Snohomish County and the City of Bothell have adopted the school impact fees recommended in the District's 2018 CFP: \$16,038 for single-family and \$1,818 for multifamily. King County and the City of Bothell will be considering the District's 2019 request this fall. Snohomish County will review their school impact fees in 2020.

The City of Woodinville adopted school impact fees of \$10,573 based on the 2017 CFP. They also will be considering adoption of the 2019 fees this fall.

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The City of Kirkland, while technically within the District's boundaries, has no undeveloped residential land that sits within the District's boundaries and no school impact fees are proposed.

Attachment 2 provides information on school impact fees assessed in other school districts.

After NSD's presentation, staff is looking for direction from the Council on how to amend the 2020 fee schedule for school impact fees. The fee schedule resolution is scheduled for City Council consideration in November and the new fees would be effective January 1, 2020.

Options for the Council include:

- Adopt the fee increases as proposed
- Modify the fee increases as proposed
- Retain the existing fees.

While the City cannot charge a school impact fee greater than that resulting from the impact fee calculation, the City does have the ability to lower the fee. During recent consideration of the City's park impact fees, the Council chose to adopt a lower fee for new (additional) mobile homes in a mobile home park. (Replacement mobile homes are not assessed a fee and new manufactured homes outside of mobile home parks are assessed the single-family rate.) In the case of park impact fees, fees for new mobile homes added to a mobile home park were reduced 50% from the fee charged for new single-family residences.

Along with school impact fees, the City imposes impact fees for parks and roads. An additional charge for surface water improvements is assessed. Attachment 3 in the Council packet shows these other fees and how the Northshore School District's recommended changes would impact the total assessments.

The City Council adopted school impact fees for single-family residences and townhomes in May 2018. At that time, the District did not propose a fee for multifamily development. In February 2019, the City Council revised the school impact fee regulations to place townhomes into the "multifamily development" category.

Council and staff engaged in a discussion about what the fee should be.

MOTION: Councilmember Smith made a motion for the school impact fees for single family to be \$14,000, Councilmember Curtis seconded the motion. The motion passed 4-2-0 with Councilmember Marshall and Mayor Baker voting no.

MOTION: Councilmember Curtis made a motion to accept the recommendation on multifamily at \$3,540, Councilmember Smith seconded the motion. The motion passed 6-0.

Receive and File June 2019 Financial Report for the City of Kenmore, Washington - Joanne Gregory, Finance and Administration Director

Finance Director Gregory presented the July 2019 monthly financial report to Council. 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 2019-2020 adopted biennial budget. The budget was adopted on November 19, 2018.

July is the seventh month of the 2019-2020, 24-month biennium. As of July, revenues exceeded expenditures in the General Fund by \$354,682.

MOTION: Councilmember Smith made a motion to receive and file the June 2019 Financial Report for the City of Kenmore, Mayor Baker seconded the motion.

STAFF REPORT

Engrossed Second Substitute House Bill 1923 (2019), Increasing Residential Building Capacity - Debbie Bent, Community Development Director and Lauri Anderson, Principal Planner

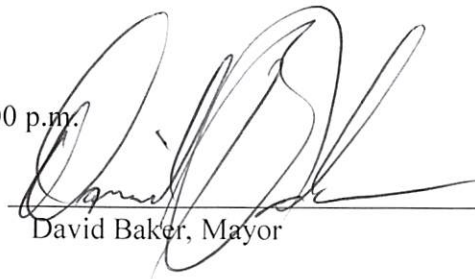
MOTION: Councilmember Curtis made a motion to follow staff recommendation on Bill 1923, Councilmember Smith seconded the motion. The motion passed 6-0.

City Council Candidate Forum - October 8, 2019, 6:00 p.m. to 8:00 p.m., at Bastyr University (Sponsored by Bothell-Kenmore Chamber of Commerce)

COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

ADJOURNMENT

The meeting adjourned at approximately 9:00 p.m.



David Baker, Mayor

ATTEST:



Kelly M. Chelin, City Clerk