

**City of Kenmore
City Council Regular Meeting
Minutes
November 26, 2018**

CALL TO ORDER – Deputy Mayor Herbig called the meeting to order at 7:00 p.m.

ROLL CALL

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

FLAG SALUTE

AGENDA APPROVAL

CITIZEN COMMENTS

Joanna Crocker
7301 NE 175th Street NE
Kenmore, Washington 98028

Ms. Crocker discussed surface water and how important it is to have good regulations.

Jim Perkins
Post Office Box 82095
Kenmore, Washington 98028

Mr. Perkins said he is the owner of two mobile home parks in the City since 1966. He stated that he is worried about residents being displaced soon.

Matt Lacey
18830 52nd Avenue NE
98155

Mr. Lacey urged the Council to reallocate the grant funds on the agenda for a boathouse.

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Leah Johnson
2803 243rd Place SW
98036

Ms. Johnson spoke in favor of crew and the need for a boathouse.

Jack Nussbaum
8233 NE 166th Street NE
Kenmore, Washington 98028

Mr. Nussbaum also spoke in favor of crew and the need for a boathouse.

Phyllis Finley
5962 NE Arrowhead Drive
Kenmore, Washington 98028

Ms. Finley spoke regarding the grant funds on the agenda. She urged the Council to reallocate the funds to a City/School partnership for ballfields.

Pam Marshall
(Address not received)

Ms. Marshall stated that she was with the Kenmore Rowing Club. She stated that she supports reallocating the funds for a boathouse.

John Hendrickson
(Address on file)

Mr. Hendrickson stated that he believes the citizens are being victimized by the Council and explained his rationale.

CONSENT AGENDA

Councilmember Marshall asked that Ordinance 18-0476 be pulled from the consent agenda for further discussion.

MOTION: Councilmember Denuski made a motion to approve the remaining consent agenda items, Councilmember Srebnik seconded the motion. The motion passed unanimously.

The remaining consent agenda items included:

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The following checks and electronic payments are approved for payment:

Total check #41081 through 41192 in the amount of \$826,496.20.

Total payroll/taxes/flexible spending/retirement & health savings account electronic deposits dated: 10/26/18 in the amount of \$133,591.61.

Approve Purchase and Sale Agreement, Contract 18-C1889, for Parcel 0114100730 located at 7637 NE 192nd Street for Squire's Land Conversion

Authorize the City Manager to Execute Amendment #1 to Contract 18-C1819 with Gordon Thomas Honeywell

Receive and File October 2018 Financial Report for the City of Kenmore, Washington

Cancel all Regularly-Scheduled Council Meetings for December, 2018

City Council Meeting Minutes of October 22, 2018, October 29, 2018 and October 30, 2018

Authorize the City Manager to Execute a Drug & Alcohol Testing Policy- Rob Karlinsey, City Manager

BUSINESS AGENDA

Ordinance 18-0476 Amending the Land Use Element, including the Land Use Plan Map, Amending the Downtown Sub-Element, Amending the Housing Element and Amending the Natural Environment Sub-Element of the Comprehensive Plan

Councilmember Marshall asked staff some questions about the herbicide policies.

MOTION: Councilmember Marshall made a motion to schedule or plan to bring up the herbicide policy at a later date (and wait on the passage of Ordinance 18-0476), Councilmember Smith seconded the motion. The motion failed 1-6-0 with Councilmember Marshall voting yes.

MOTION: Councilmember Denuski made a motion to approve Ordinance 18-0476 Amending the Land Use Element, including the Land Use Plan Map, Amending the Downtown Sub-Element, Amending the Housing Element and Amending the Natural Environment Sub-Element of the Comprehensive Plan, Councilmember Curtis seconded the motion. The motion passed 5-1-0 with Councilmember Marshall opposed.

Update and Options for Re-Allocation of King County Grant Funds for the St. Edward Ballfield Project to an Alternative Park Project - Debbie Bent, Community Development Director and Ann Stanton, Park Projects Manager

Manager Stanton explained that King County Councilmember Dembowski identified \$611,000 of grant funding in the 2017-2018 King County budget under the Youth and Amateur Sports Grant Program for construction of the St. Edward ballfield project. The funding was connected to the sale of a King County bond in August 2018. Projects connected to the bond funds were reviewed for compliance with application criteria by bond counsel and also by the King County Council. A condition of the funding award is project completion in 2021.

As construction of the ballfield will not be completed until after 2021, the City would lose the grant funds. If the City wants to use the grant funds for an alternative project that could be completed by 2021 it would require approval by King County Council (and possibly King County bond counsel). The alternative project must be an identified capital improvement project or an identified sports and recreation program with a focus on serving youth and increasing access to physical activity programs. If the Council wants to pursue an alternative project, the first step is a conversation with Councilmember Dembowski to provide an update on the ballfield project and identifying an alternative project for consideration.

Potential Alternative Project: The only project in the City's adopted Park Capital Improvement Program (other than the St. Edward Ballfield Project) that would be constructed by 2021 and meet the criteria (particularly serving youth) is the Rhododendron Boathouse project which will serve both the adult and high school rowing programs. The Squire's Landing Waterfront Project and Log Boom Park Waterfront Project while providing opportunities for physical activity through access to the water through programming offered by others, such as KWAC, will likely be constructed after 2021. The Twin Springs first phase project in 2019 is a drainage improvement project, so would not meet the criteria of serving youth. The Moorlands Park project in 2019 is to complete storm drain repair, crosswalk improvements and netting for the athletic field, so again this would not meet the criteria of serving youth. The three ongoing mitigation projects at Rhododendron and Squire's Landing and also the Squire's Landing acquisition project would not meet any of the criteria.

Other alternative project ideas that some Councilmembers have mentioned include: Improving drainage at the Bastyr Ballfields, Phase II City Hall Park, or roof over the skate park. There may be other project ideas too. However, none of these projects are included in the adopted Park CIP, and if selected would need to be added. None of these projects have any design, permits, or associated cost estimates. Staff would need to develop at a minimum, a concept plan(s), preliminary cost estimate, a schedule for obtaining permit requirements, construction schedule, and assessment of compliance with grant criteria to provide support of an alternative project that could be completed by 2021.

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Rhododendron Boathouse Project: On October 15, Council direction (5-2 motion) on the boathouse project was to pursue design, permitting and construction of a 20'x70' building on a 40' x 70' pile supported foundation. The proposed \$505,000 budget is not sufficient to construct the additional expense to construct the larger foundation although permit and bid documents currently under preparation include it as directed.

If Council direction is to pursue reallocating the \$611,000 in grant funds to the boathouse project, then a corollary decision remains to determine how to apply this funding. If approved, the King County grant would provide for the currently unfunded larger foundation. King County funds could replace the as-yet unsecured \$255,000 participation by Northshore School District. District participation includes an expectation that priority use times will be reserved for student use. In contrast, facility management would be simplified for the city to execute the contract without district participation, with the city in the role of owner and the District as a lessee. The balance of King County finding could increase the scope of work for 2019 construction for the larger building footprint. However, for boathouse construction documents to be amended in time to acquire permits and advertise for bids by April 2019, this direction needs to occur without delay. This entails some risk for the City assuming the county reallocation process can be completed and NSD funds secured. Council could also direct the current 20' x 70' project design be put on hold until a decision is made on the grant funds and/or Northshore School District (NSD) funds are secured. This would mean that construction would be delayed from 2019 to 2020.

Total funding available under each funding scenario is shown in the following table.

Funding Source	Current 2019-2024 Budget	No School District Funds	All Potential Funds
Washington St.	242,500	242,500	242,500
King County	0	611,000	611,000
Kenmore	7,500	7,500	7,500
Northshore	255,000	0	255,000
TOTAL	\$505,000	\$861,000	\$1,116,000

Project cost estimates for three alternative 2019 scopes of work are shown below. Actual project cost can be further controlled at the bid award stage through use of strategic bid alternates.

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Project Scope Alternatives	Project Estimate 9/5/2018*	Including 50% "Experience Factor"
20'-wide bldg on 40' foundation	\$550,000	\$825,000
40'-wide bldg, no add-ons	\$710,000	\$1,065,000
40'-wide bldg, with all add-ons	\$850,000	\$1,275,000

Boathouse Project Options:

1. Continue Council-directed design/permitting construction for a 20'x70' building with 40'x70' concrete pad. (\$542,000 current project estimate).
2. Construct 40x70 building. Allocate the \$611k funding to supplant the Northshore School District funds (\$255k), pay for the \$50k foundation, account for the Rob's "50% Experience Factor" and include project add-on items as funding permits.
3. Construct 40x70 building. Allocate the \$611k funding but retain district funding. Include project add-ons as funding permits.

St. Edward Ballfield Project: Council direction May 2018 was to pursue an Environmental Impact Statement (EIS) for the ballfield project. The City is still waiting to receive a draft SEPA lead agency agreement identifying State Parks as the SEPA lead. The SEPA process would continue in 2019 after execution of the SEPA lead agency agreement. A long-term lease agreement with the Washington State Parks is also required providing terms for the City's improvement and ongoing maintenance of the ballfield lease area. The Parks Capital Improvement Program allocates \$300,000 in 2019 for EIS completion. \$500,000 is allocated in 2024 as a placeholder for permit completion (engineering and building permits), assuming the SEPA process and land use permit process are complete and a long-term lease is obtained. Construction is therefore not anticipated until 2024 at the earliest. If the King County funds are reallocated then the City could reapply at a later date.

Council and engaged in a discussion.

MOTION: Councilmember Denuski made a motion to reallocate the grant funds to the City Hall Park Phase 2, Councilmember Curtis seconded the motion. The motion passed unanimously.

AMENDMENT TO THE MOTION: Councilmember Curtis made a motion that if the feedback from Councilmember Dembowski's office is not favorable, pursue the boathouse, Councilmember Denuski seconded the motion. The motion failed 0-6-0.

Adopt Resolution 18-315 Establishing Surface Water Management Service Charge Rates for 2019 through 2024 - Richard Sawyer, Environmental Services Manager

Manager Sawyer explained that on October 30, 2018, staff presented results of the Surface Water Management (SWM) service charge analysis to Council and recommended that Council consider increasing rates to support increased staffing needs, workloads and costs associated with programs and projects required to comply with regulatory “unfunded” mandates established under the Clean Water Act and Endangered Species Act. After considering staff’s recommendations, Council directed staff to implement the rates provided in Resolution No. 18-315. A public hearing was held on the proposed rates on November 19, 2018 and no additional comment was received.

The rate increase will maintain long-term fiscal viability and fund solvency for the surface water management fund, maintain an operating reserve and appropriately manage debt. Additionally, applicable surface water components of current transportation and parks capital projects would be appropriately funded by the surface water fund.

MOTION: Councilmember Denuski made a motion to approve Resolution 18-315 Establishing Surface Water Management Service Charge Rates for 2019 through 2024, Deputy Mayor Herbig seconded the motion. The motion passed unanimously.

Resolution 18-314 Adopting the City of Kenmore's 2019 Fee Schedule - Tela Whiteman, Permit Specialist

Permit Specialist Whiteman explained that annually the City of Kenmore’s fee schedule is reviewed and updated as provided for in Ordinance 02-0139.

City staff is proposing the following revisions and additions to the 2019 Fee Schedule:

1. To increase the Development Services fees (Section 4) by the Consumer Price Index (CPI), 3.6% including transportation and park impact fees, not including appeal fees, school impact fees, annual use right of way, SR-522 connection permits, special events permits, and memorial signs;
2. Page 2 – General Fees, added a new line item for renewals where the cost of the original permit was less than the cost of a renewal;
3. Page 3 – Zoning and Land use, added “over 2” to landscape and tree management plan review >2 site acres;
4. Page 4 – Public notice mailing fee, added a minimum cost of \$200;
5. Page 4 – Added “and equal to” to shoreline substantial development permits and shoreline variance;
6. Page 6 – Added a title to grading permits for small projects;
7. Page 8 – Labeled Building permit table as “Valuation Table”;
8. Page 9 – Removed language regarding basic plan review;
9. Page 9 – Commercial and multi-family re-roof permits, based on Valuation Table;

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10. Page 9 – Per State Building Code Council, all surcharges were increased effective July 1st, 2018, see attached Exhibit C;
 11. Page 10 – Consolidated commercial and multi-family plumbing permit language as “Valuation Table”;
 12. Page 10 – Consolidated commercial and multi-family mechanical permit language as “Valuation Table”;
 13. Page 11 – Added School Impact fees per Ordinance No. 18-0463, effective May 22, 2018;
 14. Page 12 – Increased Type B ROW permit application fee;
 15. Page 12 – Renamed Utility Franchise Right-of-Way Permits and included a definition;
 16. Page 13 – Special Event Permit, added a line item for actual and indirect costs to the City per KMC 8.40.105;
 17. Page 14 – Adoption Service Fees, moved note from fee to description;
 18. Page 15 – Updated fees for Rhododendron Park Shelter Rental fees per Northshore Senior Center;
 19. Page 15 – Added a line item for Moorlands Park Athletic Fields Rental Fees, pending Council discussion on November 19th;
 20. Page 15 – Added line items for Franchise Agreement Negotiations;
 21. Page 15 – Created a new section for Public Records Requests fees and updated with 2018 fees per Ordinance No. 18-0460;
 22. Page 16 – Created a new section for Surface Water Fees with the Surface Water Management Service Charge, pending Council discussion on November 19th;
 23. Various formatting changes, including changing the document type from Word to Excel.

MOTION: Councilmember Smith made a motion to adopt 18-314 approving the City of Kenmore's 2019 Fee Schedule, Councilmember Denuski seconded the motion. The motion passed unanimously.

2017-2018 Biennial Budget Amendments - Joanne Gregory, Finance and Administration Director

On December 12, 2016, the City of Kenmore adopted the 2017-2018 biennial budget. The city-wide budget was amended on July 24, 2017 and again on November 27 during the Mid Biennium Review. The amended budget includes revenue (\$71,875,400) and expenditure (\$71,166,405) projections for both years which support the City Council priorities, departmental work programs, various municipal obligations, as well as Federal and State mandates.

Prior to the close of 2018, which will be the end of the 2017-2018 biennial budget period, it is important to review all funds' budgets, consider actions taken by the City Council since the last budget amendment, consider any significant unappropriated expenditures, and adjust

fund budgets accordingly so as not to exceed approved legal fund budgets. Recommended amendments were reviewed with the City Council on November 19, 2018.

Amendments to the General Fund, Street Fund, Park Capital Fund, Sammamish River Bridge Fund, and the Real Estate Excise Tax Fund are recommended.

In the General Fund, the most significant item is the anticipated start up and transition cost for the in house public works operation. These planned expenditures were reviewed with the City Council earlier this year. This adjustment and other underbudgeted expenditures are more than offset by better than expected revenues from taxes and development.

The Street Fund includes a number of unanticipated expenditures which should be recognized in the budget so as not to exceed the Fund's total appropriation. Additional revenues from the General Fund's water/sewer franchise fees are also recognized.

The Sammamish River Bridge Fund expenditures for this biennium may exceed the total fund budget if estimates of design and permitting expenditures for 2018 are accurate. This does not impact the overall Bridge budget. Therefore, it is recommended to increase the expenditure budget accordingly. Also, the fund is likely to have a negative cash balance at the end of 2018 due to the lag in receiving grant reimbursements. A temporary transfer from the Real Estate Excise Tax (REET) Fund is recommended to cover this cash shortfall. The actual transfer entry would not exceed \$2,000,000 and would be reversed in January. The REET Fund is projected to have a year-end balance of approximately \$2.6M.

The Park Capital Fund includes Project P31 Squires Landing Land Conversion/Acquisition with a budget established for 2019 but not 2018. Expenses in the current year include appraisal, staff time, and escrow deposit. A \$50,000 budget is recommended.

MOTION: Councilmember Srebnik made a motion to approve Ordinance 18-0475 to approve the 2017-2018 Biennial Budget Amendments, Councilmember Curtis seconded the motion. The motion passed unanimously.

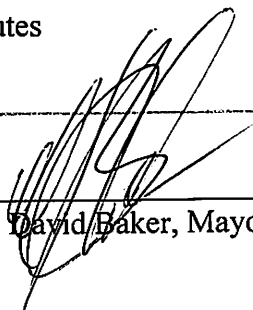
COUNCILMEMBER REPORTS & COMMENTS & INITIATIVES

MOTION: Councilmember Srebnik made a motion to provide support on the St Edward Trail Planning (i.e. letter of support), Councilmember Denuski seconded the motion. The motion passed 5-1-0 with Councilmember Marshall opposed.

ADJOURNMENT

The meeting adjourned at 8:20 p.m.

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David Baker, Mayor

ATTEST:



Kelly M. Chelin, City Clerk