City of Kenmore
City Council Regular Meeting
Minutes
August 13, 2018

CALL TO ORDER - Mayor David Baker called the meeting to order at 6:00 p.m.

ROLL CALL

Councilmembers present:
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

CONSENT AGENDA

MOTION: Councilmember Denuski made a motion to approve the consent agenda, Deputy Mayor Herbig seconded the motion. The motion passed unanimously.

The consent agenda included the following:
Total Check #s 40267 Through 40386 in the Amount of $548,082.45. Total Payroll/Taxes/Flexible Spending & Health Savings Account Electronic Deposits Dated: 7/20/18 in the Amount of $100,785.17. Payroll Check #10098-10103 in the Amount of $3,602.81.

Authorize the City Manager to Execute the Amendment #2 to Contract 15-C1483 with PACE Engineers, Inc. for on-call surface water and engineering services, to increase the current budget from $720,000 to $1,053,500

Authorize the City Manager to Execute the Amendment to Contract 18-C1852 with Huizenga Enterprises, LLC for the 2018 Crack Sealing Project

BUSINESS AGENDA

Lakepointe Update:

- Introduction - Rob Karlinsey, City Manager
- Lakepointe Feasibility & Benefits Study Report - HR&A Advisors
- Comments from Dean Weidner, President of Weidner Apartment Homes

City Manager Karlinsey presented an introduction to the Lakepointe project. He explained that HR&A Advisors (HR &A) has prepared a memo that gives a summary of the Feasibility & Benefits Findings and provided an update.

The developer, Weidner Apartment Homes, was also at the Council meeting to give an update on the Lakepointe project. As authorized by Council and the Extension and Funding agreement pertaining to the Lakepointe site Commercial Site Development Permit (CSDP), the City contracted with HR&A to analyze the economic, impacts that may result from the proposed Lakepointe project, The City consulted with other experts to review, analyze and provide additional input on the materials and study prepared by HR&A. Brian O'Connor, with O'Connor Consulting Group, LLC,, assisted with the market analyses, valuations and rates. Adam Wirthlin, with Wirthlin Consulting Group, assisted with the horizontal and infrastructure costs.

The Feasibility & Benefits Study analyzed three development scenarios which were reviewed with the Council:

1. The existing CSDP project with 1,200 residential units, 175,000 sf of office, 277,000 sf of retail, 150 room hotel, marina and 3,532 parking spaces;
2. Weidner's proposed project with 2,000 residential units, 600,000 sf office, 126,000 sf retail, 150 room hotel, and 5,003 parking spaces, includes three 25-story high rise buildings;
3. HR&A Alternative with 1,650 residential units, 357,000 sf office, 126,000 retail, no hotel, and 3,284 parking spaces, with only one 25-story high rise building for office.

With the exception of the undercrossing of SR-522 at 67th Ave the analyses did not include off -site transportation mitigation costs.

The Feasibility & Benefits Study conducted by HR&A demonstrated a financial gap. The next steps for both the City and the developer is to continue working on the general agreement and evaluate ways to potentially reduce the financial gap. For example, the developer can review alternative phasing, or the City could investigate financial tools available to help reduce the gap. City staff and the Weidner team will be bringing this topic back to Council for possible direction and acceptance of the Feasibility &: Benefits Study in the next month or two.

- Public Comments
- City Council Discussion and Next Steps

Mayor Baker opened the meeting for public comments on Lakepointe.
Stacey Valenzuela
(Address on file)

Ms. Valenzeuela stated that she doesn't want the City to look like Kirkland or Seattle. She does not want to see a lot of traffic.

Carl Michelman
(Address on file)

Mr. Michelman stated he has a business owner in the City and he would like to see this development happen.

Dale Robinson
6121 NE 175th #B301
Kenmore, Washington 98028

Mr. Robinson stated that he was concerned with traffic and the amount of buildings. He does not want to see Kenmore Air impacted.

Laura Hodge
6626 NE 182nd Street #209
Kenmore, Washington 98028

Ms. Hodge stated that she believes the development may not be right for Kenmore.

Vicki Grayland
20308 73rd Avenue NE
Kenmore, Washington 98028

Ms. Grayland asked the Council to consider the environment and the surrounding businesses.

Phyllis Finley
5962 Arrowhead Drive
Kenmore, Washington 98028

Ms. Finley spoke about what she called the good, bad and ugly in Kenmore. She also suggested that Lakepointe include a ballfield. She is not happy with a proposed 25 story building.

This agenda item will come back to a Council meeting in September for further discussion.

The Council took a break for 10 minutes.

Public Works Operations In-House Transition - Rob Karlinsey, City Manager; Jennifer Gordon, Public Works Operations Manager; Richard Sawyer, Surface Water Manager and Ben Yazici, Muni Manage LLC

Mr. Yazici explained that the City of Kenmore recently received notice that the City of Lake Forest Park will no longer be providing public works operations services to the City of Kenmore after 2018. As a result, the City of Kenmore will need to provide "in-house" public works operations services in 2019.

The public works partnership with Lake Forest Park worked well while Kenmore was a new city. However, as workload needs and demands changed over the years and as competing priorities for shared resources increased, it made sense for Kenmore to begin transitioning from contracting for public works services to providing those services "in-house."

We are optimistic about this change and believe it will result in improved local control of public works services for the same or less cost, especially over the long term.

Startup costs in 2018 are estimated to be $847,000, and, as shown in the presentation, those startup costs should be recovered over time.

Funding sources for the startup costs can come from budget savings in the current biennium. The General Fund expenditures are projected to be approximately $800,000 lower than budgeted for the 2017-2018 biennium. Surface Water Management (SWM) Fund expenditures are expected to be $160,000 lower than budgeted for this year, and approximately $200,000 can be used from the $500,000 projected balance in the Equipment Replacement Fund. The combined budget savings of the General, SWM, and Equipment Replacement funds will more than cover the startup costs needed for public works in-house operations.

Mr. Yazici explained that this report tonight was informational only. The next steps, including position authorizations, will come to the Council in September.

ADJOURNMENT
The meeting adjourned at 9:10 p.m.

David Baker, Mayor

ATTEST:

Kelly M. Chelin, City Clerk