

CITY OF LYNNWOOD
CITY COUNCIL BUSINESS MEETING MINUTES
July 26, 2010

1
2 10. CALL TO ORDER - The July 26, 2010 Business Meeting of the Lynnwood City Council,
3 held in the Council Chambers of Lynnwood City Hall, was called to order by Mayor Gough
4 at 7:00 p.m. The flag salute was led by Council President Hikel
5

6 20.

ROLL CALL

Mayor Don Gough
Council President Ted Hikel
Council Vice President Stephanie Wright
Councilmember Loren Simmonds
Councilmember Jim Smith (Excused)
Councilmember Mark Smith
Councilmember Kerri Lonergan
Councilmember Kimberly Cole (Excused)

Asst. City Administrator Art Ceniza
Council Assistant Beth Morris

Others Attending:

Interim Finance Director Dugan
Budget Analyst Harrigan
Public Works Director Franz
Deputy PW Director Elekes
Police Chief Jensen
Deputy Chief Manser
Fire Chief Olson
Community Development Director Krauss
Assistant Finance Director Haugan
City Attorney Larson
Acting Human Resources Director Itaoka
Project Tourism Manager Monroe
Special Project Manager Dahm
Project Manager Mach

7
8
9 30. APPROVAL OF MINUTES

10
11 *Motion made by Councilmember Simmonds, seconded by Council Vice President Wright, to*
12 *approve the following minutes:*

- 13 A. *Special Work Session 7/7/2010*
14 B. *Business Meeting 7/12/2010*
15 C. *Work Session 7/19/2010*

16
17 Councilmember Simmonds referred to the Business Meeting Minutes of 7/12/2010 and
18 noted that on page 30.B-4, lines 30-31 should read:

19 There will be a second hearing ~~with a date to be determined.~~ **on September 13,**
20 **2010.**

21 *There was consensus to approve the amendment.*

22
23 *The motion to approve the minutes, with the above correction noted to the 7/12/2010*
24 *minutes, was passed unanimously.*

25
26 *Motion made by Council President Hikel, seconded by Councilmember Simmonds, that the*
27 *following absences be excused:*

- 28 • *Councilmember Mark Smith from the July 12 Business Meeting*
29 • *Council Vice President Wright from the July 19 Work Session*

- 1 • Councilmember Kimberly Cole from the July 21 Work Session
- 2 • Councilmember Jim Smith from the July 26 Business Meeting
- 3 • Councilmember Kimberly Cole from the July 26 Business Meeting.

4 *Motion passed unanimously.*

5
6 40. MESSAGES AND PAPERS FROM THE MAYOR

7
8 Mayor Gough discussed a recent article in *The Herald* regarding budget issues. He
9 encouraged everyone to work together to come up with fair, balanced and equitable
10 approach to meet a balanced budget.

11
12 50. COUNCIL COMMENTS AND ANNOUNCEMENTS

13
14 50.1 Councilmember Kerri Lonergan thanked everyone for their interest and involvement.
15 She commented on the severe budget deficit that the City is facing for the next
16 biennium and the impacts to levels of public services in Lynnwood. She commented
17 on the need for steep spending cuts and recommended reduction of employee benefits
18 that Councilmembers are receiving.

19 50.2 Councilmember Simmonds announced that Lynnwood will be starting again on
20 September 9. He encouraged anyone interested in the free 9-week class to register by
21 calling 425-670-5000. He also discussed vacancies and welcomed citizen participation
22 on the following commissions: the Diversity Commission, the Historical Commission,
23 the Library Board, the Parks and Recreation Board, and the Arts Commission.

24 50.3 Council Vice President Wright stated that the last two weeks of Shakespeare in the
25 Park are coming up at the Lynndale Park Amphitheater at 7 p.m.

26 50.4 Council President Hikel thanked the department directors for their outstanding work to
27 help us get through 2010 and adjust their budgets. He noted that the Council and staff
28 have just begun work on the 2011-12 and there are a lot of difficult choices to be
29 made. National Night Out will be held on Tuesday, August 3. He asked that people
30 bring school supplies to donate to the Back to School Resource Fair which is held by
31 the Edmonds School District.

32 50.5 Councilmember Mark Smith agreed that there is a lot of uncertainty about the budget
33 right now and that it is a serious issue, but that he believes a lot of the public concerns
34 have been inflamed unnecessarily. He stated that the Council sent a very clear message
35 to the Mayor and department heads that one of the very next steps is for them to work
36 together to create a balanced budget to bring to Council. The budget needs to be based
37 on reasonable expectations of revenue and based on the vision and the policy
38 statements that the Council laid out in the Priorities of Government process. He
39 requested that the Mayor's budget also include which cuts the department directors and
40 the Mayor recommend, where levels of service can be reduced without seriously
41 affecting the quality of life or where they have to be reduced, and propose tax increases
42 or other sources or revenue that are reasonable and can help the situation.

43
44 60. PRESENTATIONS AND PROCLAMATIONS - None

45
46 70. WRITTEN COMMUNICATIONS AND PETITIONS - None

1 80. CITIZENS COMMENTS AND COMMUNICATIONS

2
3 80.1 Ron Siddell, 6103 188th Street SW, Lynnwood, WA, expressed frustration about the
4 Council rules regarding communication in Council meetings. He spoke in support of
5 the red-light cameras. He expressed frustration with the cost of the investigation of the
6 Mayor and the settlement. He also requested that the public receive the results of the
7 investigation and what action will be taken by the Council in this matter. Regarding
8 the budget, he recommended that the City focus more on cutting costs in the budget
9 than on raising taxes. He also recommended that the Council benefits be reduced or
10 eliminated altogether.

11 80.2 Ruth Ross, PO Box 2624, Lynnwood, WA, 98036, discussed the lack of information
12 and action regarding the investigation of the Mayor. She urged the Council to address
13 the situation quickly and definitely.

14 80.3 Matt Dailey, 5404 190th SW, Lynnwood, WA, emphasized that regarding the budget
15 his overwhelming top priorities are police, fire, and the justice system. He also
16 recommended looking at the wages and benefits of government employees versus the
17 private sector.

18 80.4 Mark Dreke, 20403 63rd Place, Lynnwood, WA 98036, stated that the Mayor has failed
19 to provide clear and decisive action on the budget, failed to listen respectfully to his
20 staff and failed to provide clear direction and priorities.

21
22 90. BUSINESS ITEMS AND OTHER MATTERS

23
24 90.1 UNANIMOUS CONSENT AGENDA

25
26 *Motion made by Council Vice President Wright for unanimous consent of the following*
27 *items.*

28
29 *A. Wastewater Treatment Plant Centrifuge Repair*

30 *Authorize the Mayor to enter into and execute on behalf of the City a contract with Andritz*
31 *Separation, Inc., for the purpose of making necessary repairs to Wastewater Treatment Plant*
32 *centrifuges, in the amount of \$55,708.13.*

33
34 *B. Voucher Approval*

35 *Approve claims and payroll in the amount of \$969,562.39 and \$1,181,845.92 respectively,*
36 *and that the lists be made part of the record of this Council meeting.*

37
38 *Motion carried unanimously.*

39
40 90.2 PUBLIC HEARINGS OR MEETINGS

41
42 A. Public Hearing: Utility Rate Ordinance

43
44 Mayor Gough opened the public hearing at 7:36 p.m. He discussed the purpose and
45 the order of speaking.

46
47 Staff Presentation:

1
2 Public Works Director Bill Franz introduced the topic and introduced Special
3 Projects Manager Harry Dahm. Mr. Dahm gave the staff presentation as contained in
4 Council's packet and the spreadsheet handed out by Mr. Dahm entitled *Proposed*
5 *Water, Sewer, Surface Water Rates 2001 thru 2016*.

6
7 Mayor Gough solicited written materials. There were none. He solicited public
8 testimony. There were none.

9
10 Council Questions:

11
12 Councilmember Lonergan asked Mr. Dahm about the impacts of not enacting any rate
13 increases for the next two years. Mr. Dahm replied that it would impact some of the
14 capital programs related to city growth, the annexation and downtown. Without the
15 increases they would probably have to also look at cutting their staffing and some of
16 their programs. Public Works Director Franz stated that over the past few years,
17 expenditures in water have been higher than revenues. If there is no rate increase he
18 believes they would have a serious issue and it would affect their bond coverage ratio.

19
20 Council President Hikel asked why there is a need for such a large increase of 15%.
21 Special Project Manager Dahm replied that it has been many years since they adjusted
22 the rates and they fell way behind. Amongst our neighbors we have the lowest rates in
23 most categories by far. Public Works Director Franz added that we purchase our
24 water from the City of Everett and last year they had an 18% increase in the price of
25 that water.

26
27 Council President Hikel asked about some language that was missing from the
28 Ordinance. Public Works Director Franz explained that some verbiage regarding a
29 provision that allows sewer rates to be lower in the summer to more accurately reflect
30 what actually goes into the sewer was left out of the Ordinance, but will be added
31 back in to the Ordinance.

32
33 Councilmember Simmonds requested that when this is brought back that they include
34 information in the packet that shows where Lynnwood stands in relationship to all of
35 our neighbors. He also commented that the City's bonding rating is impacted by the
36 rate of reserve. He asked if staff knows where we are at this point. Staff commented
37 that the bond coverage ratio is currently at 1.48. This is above the legal requirement
38 of 1.25, but a little below our practical goal of 1.5.

39
40 The public testimony portion of the public hearing was closed at 7:54 p.m.

41
42 B. Public Hearing: Transportation Impact Fees Ordinance

43
44 Mayor Gough opened the public hearing at 7:55 p.m. and discussed the purpose of
45 the hearing and the order of speaking.

46
47 Staff Presentation:

1
2 Public Works Director Bill Franz discussed the importance of transportation projects
3 and the need for funding of these needs. Project Manager David Mach reviewed the
4 steps that staff went through in developing the rate and fee schedule they have
5 proposed. For future capacity projects the City would be responsible for 50% of the
6 costs and the future development would be responsible to fund 50%. He
7 acknowledged that the number is higher than the neighboring cities, but staff believes
8 that Lynnwood is still competitive if you compare the city to the other Puget Sound
9 Regional Council Designated Growth Centers. Mr. Mach then reviewed details of the
10 Ordinance itself including the proposed separate zones for the City Center and the
11 mall area and the remainder of the city; the phasing in of the fees; an exemption to
12 better incentivize high quality development in the City Center area; and the timing of
13 payment. He also discussed a proposed amendment regarding exemption for projects
14 that are currently in the pipeline that will complete SEPA review and have received
15 an environmental determination prior to January 1. He submitted a *Transportation*
16 *Impact Fee – Project List* for the record.
17

18 Mayor Gough solicited any additional written materials. There were none.
19

20 Public Testimony:
21

22 Faizel Kassam, Legacy Lynnwood, 6501 Americas Parkway, Albuquerque, NM,
23 87122, discussed his proposed hotel project and the complications of the SEPA and
24 design review process. He reviewed the proposed amendment to the Ordinance on
25 page 90.2B-22, Section 3.105.080 related to an exemption for certain projects, which
26 was the basis for the amendment described by Project Manager Mach above.
27

28 Jeff Eustis, 720 Third Avenue, Ste 2112, Seattle, WA, 98104, attorney for Faizel
29 Kassam/Legacy Lynnwood, LLC, discussed the language for the proposed
30 amendment regarding the exemption. He explained why they believe that this should
31 refer to any *development activity* rather than any *building permit*.
32

33 Mike Echelbarger, 4001 198th Street SW, Lynnwood, WA, commented that the
34 proposed fee increase cannot be morally justified. He stated that the cities Lynnwood
35 is in competition with include Everett, Federal Way, and Tukwila and it is irrelevant
36 what the neighboring cities are doing. He spoke against the fact that this encompasses
37 more than just new development, but instead includes the right of the Council to
38 liberally construe the provisions in order to carry out the purposes of the Council in
39 establishing the program. His interpretation was that it would include any alteration,
40 enlargement, conversion, remodeling, repair or development activity. He explained
41 the significant impact this would have on his business.
42

43 Jennifer Jerabek, Master Builders, 335 – 116th Avenue SE, Bellevue, WA, reminded
44 everyone that the 50/50 split ends up being 50% City and 50% future homeowner
45 because although it is paid up front by the developer, it is passed on to the buyer. She
46 referred to the City's goal as stated in the Comprehensive Plan: *to provide for*
47 *sufficient availability and a variety of opportunities for safe, decent and affordable*

1 *housing in a strong cohesive neighborhood to meet the needs of present and future*
2 *residents.* She stated that if they truly want to achieve that goal they need to keep in
3 mind their future residents and keep affordable housing now and into the future. She
4 also referred to page 8 of the Housing section in the Comprehensive plan where there
5 is a sub-goal on affordable housing. In the Economic Development Plan, Exhibit 9 on
6 page 51 states that the City has *roughly the same share of middle income households*
7 *as elsewhere, but a much higher share of low income households and a much lower*
8 *share of higher income households.* In building housing for future residents the City
9 needs to keep this in mind. Regarding the City Center project, she thinks that this
10 Ordinance would deter people from coming here to invest in the city. She reiterated a
11 comment in her letter that she sent earlier recommending delayed collection of impact
12 fees. She submitted a copy of Federal Way's code as an example of another city that
13 has done this.

14
15 Mayor Gough solicited further public testimony. There was none.

16
17 Council recessed from 8:47 p.m. to 8:55 p.m.

18
19 Council Questions:

20
21 Councilmember Mark Smith asked staff if they could respond to comments made by
22 Mr. Echelbarger and Mr. Kassam and his attorney regarding the exemption. Public
23 Works Director Franz stated that Mr. Kassam and his development is the perfect
24 example of the grandfathering issue. Their proposing language was welcomed by
25 staff. He reviewed the details of their situation and stated that they have no problem
26 with the concept that Mr. Kassam and his attorney addressed tonight. Project
27 Manager Mach stated that staff concurs with Mr. Kassam's recommendation to
28 replace building *permit application* with *development activity*.

29
30 Director Franz then referred to Mr. Echelbarger's comments about existing buildings.
31 He stated that it all has to do with *new* trips so it depends on how what was there in
32 the past compares to what is now proposed. Staff explained how the Ordinance
33 accounts for this on page 90.2B-19 starting at the bottom and carrying over to the top
34 of the next page. If it is a remodel that does not result in net new trip generation or
35 increases in trips there would be no increase.

36
37 Councilmember Mark Smith asked staff to comment on the timing of the fees. Project
38 Manager Mach stated that they have reviewed this issue thoroughly and studied what
39 other cities do. Staff has included a list of why they believe it is better to go with
40 *building permits* in the packet in the form of a memo from Director Franz on page B-
41 10. He restated the reasons for this.

42
43 Councilmember Simmonds commented that it seemed that what representatives from
44 Legacy Lynnwood had come seeking tonight had already been incorporated. Staff and
45 Legacy representatives concurred.

46

1 Councilmember Simmonds expressed some concern about the fact that the
2 Transportation Impact Fees extend to areas other than new construction particularly
3 since there is so much vacant commercial space. He thinks that this part of it should
4 be reevaluated. Regarding the 50/50 split for city/developer costs, he reviewed some
5 history of this matter from his time as co-chair of the City Center Oversight
6 Committee. He feels they are moving in the right direction in terms of sharing of the
7 costs more equitably.
8

9 Councilmember Lonergan asked Mike Echelbarger what he thinks of staff's
10 description of the redevelopment issue as laid out on page 90.2-B-20. Mr.
11 Echelbarger felt that this is totally arbitrary and does not address his concern. He also
12 noted that these properties in the triangle have already paid LIDs for 40th Avenue,
13 200th Street, Alderwood Mall Parkway and the bridge.
14

15 Councilmember Lonergan referred to Ms. Jerabek's comment about other
16 jurisdictions that were allowing the payment deferral option. Councilmember
17 Lonergan noted that the current edition of AWC's *City Vision* talks about that very
18 thing, mentioning that the City of Sammamish recognized that times are tough and
19 that the economy is making it very difficult for developers to finance their projects.
20 Therefore they are allowing the fees to be paid at the time of sale. She asked for more
21 information about what Snohomish County is considering regarding deferral options
22 for its fees. Ms. Jerabek said she didn't have a copy of Snohomish County's draft
23 ordinance at this time, but indicated she could provide one. She noted that in addition
24 to Federal Way, the cities of Bothell, Mountlake Terrace, Monroe, and Everett are all
25 looking at things they can do to get their city centers built. The reason they are doing
26 this is to attract development and redevelopment.
27

28 Councilmember Lonergan asked what impact Ms. Jerabek feels the proposed impact
29 fees would have on Master Builders' members who do business in Lynnwood. Ms.
30 Jerabek said that from what she has heard from their transportation analyst that it will
31 definitely deter some of the people that he has worked with in the past from doing
32 projects here.
33

34 Councilmember Lonergan asked about the rationale for having a different fee
35 structure for Zone A and Zone B. Project Manager Mach explained that this was
36 based on the traffic model that they have built over the years and discussed the reason
37 for that. Councilmember Lonergan commented that the impact of this would seem to
38 be deterring development outside of the City Center by having an impact fee. Project
39 Manager Mach commented that they were trying to incentivize development in the
40 City Center as much as possible. If there was a one-zone system it would raise the
41 City Center rate and they felt this was contrary to the discussion that they have had
42 with the Council in the past.
43

44 Council President Hikel asked about the boundaries of the zone, noting that there is
45 some vacant property on the west side of 36th Avenue West that has not been
46 constructed. They would fall in the higher priced zone although their commute to the
47 freeway would be shorter than if they were coming from the mall. Staff explained

1 how the lines were drawn on the traffic model. Council President Hikel asked what it
2 would cost for a 200 square foot addition on the back of a house. Staff did not believe
3 there would be a fee for that. Council President Hikel asked if remodeling a single
4 family home would trigger it. Staff stated that it would not because there would be no
5 net increase in trips. Council President Hikel asked about the scenario of someone
6 converting their home to an assisted living home. Project Manager Mach commented
7 that if the use changes from single family to an elderly care facility the fee schedule
8 rates are different. He explained how these fees would be assessed and would not
9 necessarily result in an increase. Council President Hikel then asked about home
10 businesses that might have clients coming throughout the day. Project Manager Mach
11 said he wasn't familiar with the home occupation license, but stated that if the land
12 use doesn't change then there is no assessment of fee. If they are changing the use
13 from single-family to commercial then they potentially would have to pay the
14 difference.

15
16 Public Testimony in Response to Earlier Comments:

17
18 Randy Lindquist, 6920 Fisher Road, Edmonds, WA, owner of Detroit Auto Works in
19 Lynnwood and the property of where the Audi store is now, discussed how fees
20 impact development negatively. He stated that he feels that the system in Lynnwood
21 is very opposed to development and needs to be more business-friendly in ways such
22 as deferred fees. He stated that getting financing in the current economic environment
23 nearly impossible so every dollar counts.

24
25 Seeing no further comments, the public testimony portion of the public hearing was
26 closed at 9:40 p.m.

27
28 90.3 UNFINISHED BUSINESS - None

29
30 90.4 OTHER BUSINESS ITEMS

31
32 A. Ordinance: Transportation Impact Fees

33
34 *Council Vice President Wright moved to continue consideration of the Ordinance:*
35 *Transportation Impact Fees to the 9/13 Business Meeting and the 9/8 Work Session.*
36 *Councilmember Mark Smith seconded the motion. Motion passed unanimously.*

37
38 B. Ordinance, Financial Plan, Consultant Contracts, Interlocal Agreement for 35th/36th
39 Avenue W. Road Improvements Project

40
41 *Motion made by Council Vice President Wright, seconded by Council President Hikel, to*
42 *adopt Ordinance No. 2843, "AN ORDINANCE AMENDING THE PROJECT*
43 *FINANCIAL PLAN AND ESTABLISHING PROJECT FUNDING FOR PROJECT*
44 *FUND 317, 36th/35th AVENUE WEST ROAD IMPROVEMENTS; FOR*
45 *SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR*
46 *SUMMARY PUBLICATION."* Upon a roll call vote, the motion passed unanimously (5-
47 0).

1
2 *Motion made by Council Vice President Wright, seconded by Councilmember*
3 *Simmonds, to authorize the Mayor to enter into and execute on behalf of the City a*
4 *contract with David Evans and Associates to prepare 90% design, which includes the*
5 *plans, specifications, estimates, right-of-way plans, legal descriptions and exhibits for*
6 *the City's Segment 1 in an amount not to exceed \$871,250 which includes a management*
7 *reserve of approximately 9%. Motion passed unanimously.*
8

9 *Motion made by Councilmember Simmonds, seconded by Council President Hikel, to*
10 *authorize the Mayor to enter into and execute on behalf of the City a contract with*
11 *David Evans and Associates Inc. of Bellevue, Washington to design the plans,*
12 *specifications and estimates for Snohomish County's Segment 2 project in an amount not*
13 *to exceed \$495,614 which includes a management reserve of approximately 5%. Motion*
14 *passed unanimously.*
15

16 *Motion made by Council Vice President Wright, seconded by Councilmember*
17 *Simmonds, to authorize the Mayor to enter into and execute on behalf of the City, an*
18 *Interlocal Agreement with Snohomish County to include the recently received grant*
19 *funds for the completion of the 90% design. Motion passed unanimously.*
20

21 C. Contract: Audio/Visual Equipment and Installation – Rec Center Remodel
22

23 *Motion made by Councilmember Mark Smith, seconded by Council President Hikel, to*
24 *authorize the Mayor to sign and enter into an agreement with Morgan Sound for the*
25 *purchase and installation of audio systems and video surveillance systems for the*
26 *Recreation Center Remodel project. Motion passed unanimously.*
27

28 *Motion made by Council President Hikel, seconded by Council Vice President Wright, to extend*
29 *the meeting to 10:10 p.m. Motion passed unanimously.*
30

31 *Motion made by Councilmember Lonergan, seconded by Councilmember Mark Smith, that the*
32 *Council reconvene after the Executive Session to move to a Work Session to discuss budget*
33 *matters. Motion passed unanimously.*
34

35 D. Executive Session
36

37 Council recessed into an Executive Session regarding Labor Negotiation Issues for ten
38 minutes at 9:55 p.m.
39

40 The Business meeting reconvened at 10:05 and closed at 10:07 p.m. The Work Session opened at
41 10:08 p.m.
42

43 *Motion made by Councilmember Mark Smith, seconded by Councilmember Lonergan, to extend*
44 *the meeting for 20 minutes from 10:10 to 10:30 p.m. The motion passed unanimously.*
45

46 E. Work Session: Budget 2011-12 Discussion
47

1 Interim Finance Director Dugan handed out a Draft Budget Balancing and Other Policy
2 Issues and Considerations document and reviewed it with the Council. Questions and
3 answers followed.
4

5 *Motion made by Council President Hikel, seconded by Councilmember Mark Smith, to extend the*
6 *meeting 15 minutes from 10:30 p.m. to 10:45 p.m.*
7

8 Questions and answers continued.
9

10 100. NEW BUSINESS - None

11
12 110. STAFF REPORTS - None

13
14 120. ADJOURNMENT

15
16 The meeting was adjourned at 10:45 p.m.
17
18
19
20

21 Don Gough, Mayor

22
23
24
25
26 Patrick Dugan
27 Interim Finance Director