

# EDMONDS CITY COUNCIL APPROVED MINUTES

## July 26, 2016

### ELECTED OFFICIALS PRESENT

Dave Earling, Mayor  
Kristiana Johnson, Council President  
Adrienne Fraley-Monillas, Councilmember  
Diane Buckshnis, Councilmember  
Dave Teitzel, Councilmember  
Thomas Mesaros, Councilmember  
Neil Tibbott, Councilmember

### ELECTED OFFICIALS ABSENT

Michael Nelson, Councilmember

### STAFF PRESENT

Jim Lawless, Assistant Police Chief  
Phil Williams, Public Works Director  
Patrick Doherty, Econ. Dev & Comm. Serv. Dir.  
Shane Hope, Development Services Director  
Scott James, Finance Director  
Rob Chave, Planning Manager  
Mike Clugston, Planner  
Jeff Taraday, City Attorney  
Scott Passey, City Clerk  
Andrew Pierce, Legislative/Council Assistant  
Jerrie Bevington, Camera Operator  
Jeannie Dines, Recorder

Mayor Earling said the community suffered a tremendous loss with the tragic automobile accident in north Edmonds this past week and the death of two young people and injury of three others. The community mourns with and for the families and they are in the community's thoughts and prayers. The community acknowledges but cannot begin to understand their grief but wish for them strength and peace in this difficult time. The community needs to be reminded how quickly tragedy can strike; the accident was clearly caused by an excessive rate of speed. He urged the community to be mindful of such risks and travel safely to protect themselves and loved ones. He asked for a moment of silence.

### 1. CALL TO ORDER

The Edmonds City Council meeting was called to order at 7:00 p.m. by Mayor Earling in the Council Chambers, 250 5<sup>th</sup> Avenue North, Edmonds.

### 2. ROLL CALL/FLAG SALUTE

City Clerk Scott Passey called the roll. All elected officials were present with the exception of Councilmember Nelson. The meeting was opened with the flag salute.

### 3. APPROVAL OF AGENDA

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.**

### 4. APPROVAL OF CONSENT AGENDA ITEMS

**COUNCIL PRESIDENT JOHNSON MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:**

1. **APPROVAL OF COUNCIL SPECIAL MEETING MINUTES OF JULY 19, 2016**
  2. **APPROVAL OF COUNCIL MEETING MINUTES OF JULY 19, 2016**
  3. **APPROVAL OF CLAIM, PAYROLL AND BENEFIT DIRECT DEPOSIT, CHECKS AND WIRE PAYMENTS.**
  4. **LEASE AGREEMENT FOR ENVELOPE STUFFING MACHINE**
  5. **AUTHORIZATION TO RELEASE THE SALVAGE OF UNIT 126-PRK TO EVERGREEN ADJUSTMENT SERVICE**
5. **PRESENTATIONS/REPORTS**
1. **SNOHOMISH HEALTH DISTRICT'S PROPOSED PER CAPITA INVESTMENT**

Economic Development/Community Services Director Patrick Doherty introduced Dr. Gary Goldbaum, Health Officer and Director; Pete Mayer, Deputy Director & Chief Operating Officer; Heather Thomas, Communications & Public Affairs Director; and Nancy Furness, Communicable Disease and Emergency Preparedness Director, Snohomish Health District.

Ms. Furness relayed healthy years of life is Snohomish Health District's passion:

- Healthy people
- Healthy communities
- Healthy environments

She reviewed:

- Life expectancy in the 20<sup>th</sup> Century in the US in 1906:
  - Women – 50.8 years
  - Men – 46.9 years
- Top Public Health Achievements (1900- 1999)
  - Vaccinations
  - Safer workplace
  - Safer and healthier food
  - Motor vehicle safety
  - Control of infectious diseases
  - Decline in deaths from coronary heart disease and stroke
  - Family planning
  - Recognition of tobacco use as a health hazard
  - Healthier mothers and babies
  - Fluoridation of drinking water
- Life expectancy in 21<sup>st</sup> Century in 2006:
  - Women – 80.2 years
  - Men – 75.1 years
- 21<sup>st</sup> century issues:
  - Emerging diseases
  - Childhood obesity
  - Marijuana and vaping
  - Healthy housing
  - Adverse childhood experiences and toxic stress
  - Social determinants of health
  - Opioid epidemic
- Focus: Opioid Epidemic

- Today:
  - Supporting syringe exchange and access to Naloxone
  - Adopted a new secure medicine return ordinance
  - Building healthy resilient families
- Tomorrow
  - Prevention
    - Healthy starts
    - Trauma-informed care
    - Curriculum in schools
    - Social marketing
  - Response
    - Notifiable condition follow-up
    - Syringe exchange
    - Needle clean-up
    - Data evaluation
  - Treatment/Recovery
    - Naloxone kit availability
    - Increased access to treatment
    - Group support/education

She described what the District is facing:

- The Snohomish Health District has had a 22% decrease in funding from 2005
- Spending of \$22/resident
  - The District ranks 34<sup>th</sup> out of 35 among local public health agencies in Washington for per capital funding
  - National average is approximately \$41/resident
- Since the “peak” in 2008, the District has eliminated 74 total FTE, a reduction of 34%
- Snohomish Health District has 143 employees
  - Tacoma/Pierce County Health Department which has a comparable population has 220-230 employees

She displayed a graph of the District’s projected deficit starting in 2018. She reviewed the District’s revenue sources, advising 65% of revenue is restricted or categorical:

License & permits	\$ 3,459,739
State and federal grants	\$ 3,851,103
State discretionary funds	\$ 3,433,291
County	\$ 2,653,200
Charges for services	\$ 2,192,297
Miscellaneous	\$ 202,340
Total	\$15,791,970

She displayed a graph of revenues vs. expense trends, advising expenses are nearly the same as they were 20 years ago but revenues are at the lowest point. She relayed how cities and Snohomish County can help:

- If Edmonds contributed \$2.00 for every resident in 2017, the District could help the City with:
  - Trainings on trauma-informed approaches for Edmonds School District staff and families
  - More proactive in nuisance properties and homeless camps
  - Increased partnership in local planning and policy efforts
  - Data and assessment

Ms. Furness displayed a graph of the impact the \$2.00/capita investment would have on the District’s budget. She summarized this is a shared responsibility:

- State

- Tobacco and marijuana prevention
- Promoting vaccines
- Safe drinking water
- Early intervention programs for infants
- Emergency preparedness
- County
  - Communicable disease surveillance and response
  - Birth/death certificates
  - Child care outreach
  - Countywide policies
  - School safety inspections
- City
  - Partnering with schools
  - Nuisance properties
  - Local policy assistance
  - Community-level data
  - Collaboration with non-profits and service organizations

Councilmember Mesaros inquired about the mix of revenues that the best funded health district in the State receives. Mr. Mayer offered to get back to Council with that information. Jurisdictions funded at a higher level typically receive a greater contribution from their local communities, either cities and county, or have unique lines of business specific to their jurisdiction with a contracted revenue source. The funding scheme between health districts is very diverse. Councilmember Mesaros suggested providing the revenue sources for the top three health districts.

Councilmember Fraley-Monillas reported the Snohomish Health District is visiting all cities within Snohomish County including unincorporated Snohomish County regarding the \$2/capital funding request. The Snohomish Health District is one of three health districts that are not funded through the county; for example, King County Health District is funded by King County. Mr. Mayer said Seattle/King County Health District is a unique city/county organization as is Tacoma/Pierce County. There are other multi-county public health districts and some single county public health districts like Snohomish; there are a variety of models of public health service delivery. Public health districts are focused on public health services and activities but have no independent taxing authority similar to a library district or a parks district.

Councilmember Fraley-Monillas said Snohomish, King and Pierce are the three biggest counties in the State; King and Pierce are funded through the county along with other resources, a model the District is investigating. A large deficit is looming and the District will be forced to cut services. She relayed the dilemma of what to cut first, emergency response, healthy kids, etc. She relayed south Snohomish County (Lynnwood, Edmonds, Mountlake Terrace, Mukilteo) has one of highest suicide rates in the county.

Councilmember Buckshnis asked how Verdant fits into the District's funding structure Mr. Mayer responded Verdant which is part of the hospital district, collects property taxes in support of their mission. Their mission is broad, typically focused on community health endeavors. Snohomish Health District is uniquely positioned to collect and analyze data for important policy deliberations such as suicide including options and strategies. Snohomish Health District does not receive any direct funding from Verdant; grant requests to fund particular programs or activities have not been successful. Councilmember Buckshnis found it surprising that Snohomish Health District did not receive any funding from Verdant who collects taxes from Edmonds. She asked whether the District had considered an interlocal with all the cities with funding based on size instead of requesting \$2/capita. Mr. Mayer said the board retreat looked at a variety of revenue options/strategies; one of the options considered was

membership fee akin to the Economic Alliance. That is something the board and staff would be interested in considering.

Councilmember Buckshnis asked whether District will receive any funds from to Prop 1. Mr. Mayer answered they will not receive any funding as it is currently proposed. If the ballot measure is successful, the District could indirectly benefit as it would relieve pressure elsewhere that could be redirected toward support for public health activities.

Councilmember Teitzel referred to the opioid epidemic, commenting Edmonds is not immune to kids and adults involved in heroin and other similar drugs. With regard to curriculum in schools, he asked whether Snohomish Health District would advocate for a program like DARE to address that issue. Mr. Mayer said the DARE curriculum may not be the most pertinent or effective method today but perhaps something similar whether a standalone program, classroom time or built into the existing physical education/health curriculum. The Public Health Advisory Council, which includes the superintendent of schools, has had preliminary discussions regarding how the curriculum could address those issues. Having funding support to pursue that would be very important as well as working with the school superintendents on how best to address the issue, likely incorporating it into existing curriculum. Councilmember Teitzel commented addressing it at the high school level may be too late and suggested middle or grade school. Mr. Mayer said the pharmaceutical stewardship program is finding that access to addictive drugs occurs very early on; there needs to be awareness and education at very young age.

Council President Johnson referred to the shared responsibility between the state, county and cities. Tonight the District is asking \$2/capita to contribute to funding the District. She asked whether Snohomish Health District was also asking for funding from the county and state. Mr. Mayer said the District is seek \$2/capita county wide, including from Snohomish County, in addition to dedicated funding the District currently receives that supports communicable diseases. In addition, the District receives \$1.3 million in flexible funding from the state; the greatest need is funds not dedicated to specific tasks or deliverables. That funding has remained flat and/or declined over time. He plans to make a similar presentation to the Joint Select Committee on Healthcare tomorrow in Olympia about modernizing the public health system and the legislature's responsible in funding local public health as part of that shared responsibility.

Council President Johnson inquired whether the request for funding was for 2017 or 2018. Mr. Mayer answered 2017. The District is already deficit spending this year and that is forecasted to continue unless the District makes difficult decisions in advance of the 2017 budget. Council President Johnson asked how funds would be allocated if, for example, some cities did not provide \$2/capita but have problems that are a countywide concern. She asked whether services would be based on need or contribution if some cities opted in and some did not. Mr. Mayer agreed it was not an ideal approach. Public health serves the needs of the community; their ability to provide specific support and focus on prevention in the community would be greatly enhanced by these contributions. In the absence of the contribution, their ability to do prevention work is severely hampered. The District knows an upstream focus will significantly help downstream.

Councilmember Tibbott asked to what extent the Affordable Care Act (ACA) has increased or offset expenses for the District and the impact it may have on public health needs in the future. Mr. Mayer answered the jury is still out in terms of how the ACA will ultimately impact the role of public health nationwide. Public health is repositioning itself and working to modernize itself, reinvesting in a number of arenas partially in response to the ACA. One of the challenges is ACA shifts where money comes from and what it supports. It is a highly dynamic environment that many hospitals are collaborating on, combining their efforts, managing data and communication and safeguarding electronic medical records to improve communication among providers to ultimately improve care. Public health is working hard to define where they stand in light of ACA. It is significantly changing the funding formulas and priorities

as well as creating new opportunities and partnerships, moving public health away from clinical one-on-one services into population based, community based strategies, a significant shift for public health.

Councilmember Tibbott relayed his understanding there may be new opportunity for partnerships and perhaps reduced costs. He explained cities are experiencing increased costs for health care for their employees and those costs will be escalating once the Cadillac Tax is implemented. Cities are looking for ways to stretch those dollars and one way may be utilizing primary care physicians at public clinics. He encouraged the District to continue working on partnerships. Verdant has done a tremendous job increasing healthy options and there may be opportunity to offload some of the District's services to Verdant.

Councilmember Fraley-Monillas explained Verdant only provides funds to cities from whom they collect taxes; Snohomish County is quite large and Verdant's area is quite small. Verdant has discussed some small things they may be able to help the District with in this area but Verdant is not the answer for the rest of Snohomish County. With regard to opioid abuse, she explained one of the ways to reduce opioid abuse is the drug take back program that was instituted in the last couple months. That program gives people the opportunity to turn back medications they are not using. According to the drug task force and many medical personnel in Snohomish County, one of the places opioid abuse starts is in the home and then accelerates. She offered to discuss opioid abuse with Councilmembers offline. She supported providing the District \$70,000 which she recognized would be a decision made during the budget process. The District provides a valuable service to Edmonds citizens and she knew the District had looked at every possible avenue to avoid cutting services. The \$2/capita contribution countywide will generate \$2.5 million in 2017, enough to allow the District to continue providing the same services.

Councilmember Mesaros asked the number of hospital districts in Snohomish County. Mr. Mayer answered there are three. Councilmember Mesaros acknowledged the hospital districts are restricted in terms of the taxpayers in their district, but there may be opportunity for creativity there. He asked legally who was responsible for the health district. Mr. Mayer advised there is a 15-member Board of Health who is entrusted to enact laws and ensure the public's health overall. Board members are all elected officials, appointed to the Board, 10 City Councilmembers and 5 County Councilmembers. Board members are obligated by State law to appoint a health officer who then provides expertise to the Board of Health.

Mayor Earling clarified the requested amount would be \$80,500. If the Council decides to participate, he asked whether it was envisioned to be an annual agreement, 5-year or other term. That makes a big difference because in the future that \$80,500 could be a contribution to the District or cutting a job. Mr. Mayer envisioned an annual agreement that would be evaluated during the cities' budget process although they would be amenable to another term, recognizing some jurisdictions have a biannual budget. If the Council decides to participate but at a lower amount, Mayor Earling assumed the District would accept a lower amount. Mr. Mayer said they would accept whatever the Council could budget for that investment in the community. Mayor Earling asked if the total of \$2.5 million included the contribution from unincorporated Snohomish County. Mr. Mayer said it did. Mayor Earling expressed frustration with the declining funding spiral that began in 2007/2008 with decreased federal contributions along with state and county contributions and the impact that has on cities. Everyone needs to be aware of that declining spiral and try to make adjustments as needed.

Mr. Doherty advised no action is requested tonight. In addition to discussion during the budget process, this could be scheduled for additional discussion at a work meeting, a Health District representative could attend to respond to questions. He invited Councilmember to forward him any questions and he would seek responses from the District.

Council President Johnson asked whether the Council was interested in continuing this discussion at a future date. She recalled there were several issues mentioned including homelessness, opioid use, and

policy issues. Councilmember Mesaros was in favor of further discussion if the Council is considering spending \$80,000. Everyone can agree they want a vibrant and activity public health district in Snohomish County; the debate is how to pay for it. To Council President Johnson's point, if half the cities opted in and the other half did not, that could be an issue long term that will need to be considered and resolved.

Councilmember Fraley-Monillas said the majority of Snohomish County cities have been contacted regarding this contribution and there are commitments from some cities. She did not want Edmonds to wait to see what other cities do; she wanted to move forward with supporting the District. She felt it reasonable to provide a contribution a year at a time and see where the District is in 2018.

Council President Johnson thanked the District representatives for their presentation and discussion. The Council is very interested in supporting the District; she will work with Mr. Doherty to schedule further discussion.

**6. AUDIENCE COMMENTS**

There were no public comments.

**7. PUBLIC HEARING**

**1. PUBLIC HEARING ON A CONCESSION AGREEMENT BETWEEN THE CITY OF EDMONDS AND DEAN PARMENTER/HOT DIGGITY DOG**

City Clerk Scott Passey explained in 2006 the City Council adopted provisions in the code allowing for concessions agreements for the lease of public right-of-way space. There is one space located on James Street immediately east of the ferry holding lanes, adjacent to the SR-104 pocket park. This item is a public hearing to consider the application submitted by Dean Parmenter/Hot Diggity Dog who proposes to sell specialty hot dogs, chips, and drinks. A complete application has been submitted including Snohomish Health Department approval and liability insurance. If the Council approves a concession agreement, Hot Diggity Dog will be required to apply for and obtain a City business license. Concession agreements are granted at the sole discretion of the City Council and are valid for one calendar year.

Councilmember Fraley-Monillas recalled two years ago dust and food particles from a vendor got into the air system of the condominiums next to the park. She asked whether that had been considered. Mr. Passey answered it is a simple hot dog cart; there are no exhaust or fumes so there is no risk of that type of impact.

Councilmember Teitzel recalled the issue was particulates from a kettle corn stand; the risk from this concession is not as great. Mr. Passey agreed, advising Mr. Parmenter could respond to those questions during the public hearing.

Mayor Earling opened the public participation portion of the public hearing. Hearing no comment, Mayor Earling closed the public participation portion of the hearing.

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO APPROVE THE CONCESSION AGREEMENT BETWEEN THE CITY AND HOT DIGGITY DOG. MOTION CARRIED UNANIMOUSLY.**

**8. ACTION ITEM**

**1. CLOSED RECORD REVIEW AND ACTION ON THE HEARING EXAMINER'S RECOMMENDATION TO APPROVE A CONSOLIDATED APPLICATION FOR A**

**CONDITIONAL USE PERMIT AND VARIANCE FOR THE DOWNTOWN PUBLIC  
RESTROOM PROJECT (FILE NOS. PLN20160030 & PLN20160031)**

Mayor Earling explained the purpose of this closed record hearing is for the City Council to consider the recommendation of the Hearing Examiner on an application for a Conditional Use Permit (CUP) and variance for the City's downtown public restroom project. The CUP and variance reviews are considered Type III-B decisions. When public projects like this require variances, the Hearing Examiner holds a public hearing and makes recommendations to the City Council. The Council holds a closed record review of the project and makes the final decision. He opened the closed record hearing.

Mayor Earling explained parties of record would normally include the applicant and any person who testified in the open record public hearing on the application and any person who individually submitted written comments concerning the application at the open record public hearing. In this case the applicant was the City, represented by Economic Development & Community Services Director Patrick Doherty. Mike Clugston presented the staff report to the Hearing Examiner on behalf of the Development Services Department. Other than Mr. Doherty and Mr. Clugston, no one else spoke during the open record public hearing. Therefore, only those two are allowed to present tonight.

The Appearance of Fairness Doctrine requires that this hearing be fair in form, substance and appearance. The hearing must not only be fair but also must appear to be fair. He asked whether any member of the decision-making body had engaged in communication with opponents or proponents regarding the issues in this matter outside the hearing process. Councilmembers Tibbott, Mesaros, Teitzel, Buckshnis, and Fraley-Monillas said they had no outside communication with either party. Council President Johnson said she had communicated with Mr. Doherty regarding the location and vegetation. Mayor Earling said he has had discussions with staff.

Mayor Earling asked if any any member of the decision-making body had a conflict and believed he/she could not hear and consider the application in a fair and objective manner. Councilmembers Fraley-Monillas, Buckshnis, Teitzel, Mesaros, and Tibbott, Council President Johnson and Mayor Earling said they had no conflict of interest and could hear it in a fair and objective manner. Mayor Earling asked if any audience member objected any Councilmember's or his participation as a decision-maker in the hearing. No objections were voiced.

Mayor Earling described the hearing procedures: five minutes for presentation of the staff report, five minutes for the applicant's presentation followed by questions and answers. There are no other parties of record.

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER MESAROS,  
TO APPROVE THE PROCEDURE AS DESCRIBED. MOTION CARRIED UNANIMOUSLY.**

**Staff Presentation**

Planner Mike Clugston said in addition to the building permit for the public restroom project, a CUP and variance were also required. The Hearing Examiner held a public hearing on July 14, 2016 and issued a decision on the CUP and variance which were consolidated at the hearing. The Hearing Examiner approved both with two conditions:

1. The conditional use permit shall be personal to the City of Edmonds and is not transferable.
2. The proposal may not result in the loss of parking spaces to the extent that such reduction in spaces would violate applicable parking standards.

With regard to the second condition, Mr. Clugston advised staff will review that with the building permit. He recommended the Council adopt the Hearing Examiner's recommendation.

## Applicant

Economic Development & Community Services Director Patrick Doherty recalled the downtown restroom was reviewed by an ad hoc design review committee consisting of members from the Architectural Design Board, the BID and the Arts Commission. The proposal and design was also reviewed by the City Council. The code works well for commercial, mixed use and multifamily buildings downtown; however, it does not recognize public facilities like a restroom, making it impossible for this type of building to meet the provisions in the code and requiring a CUP and variance. In order to allow the project that the Council was involved in designing and has funded, the Council must approve the variance and CUP.

Councilmember Buckshnis relayed the Hearing Examiner's conditions do not allow any loss of parking spaces per applicable parking standards. She asked whether the parking standards would be met by the reduction of 1-2 parking spaces. Mr. Clugston answered yes, and that will be verified by the building permit.

Councilmember Teitzel referred to the schematic (page 135 of the packet), observing there is one disabled parking space near the landscaped area near the north side by City Hall. He asked if there was only one existing disabled parking stall. Mr. Clugston said that information is not in the hearing record.

### **COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER MESAROS, FOR APPROVAL.**

City Attorney Jeff Taraday said there is not a need to prepare a resolution next week. If the Council is prepared to adopt the findings and conclusions and conditions of approval as written in the Hearing Examiner's decision, that can be done by motion and can be the Council's final decision. He can prepare a resolution but in the interest of expediency, it may be faster if the Council simply moves to adopt.

Councilmember Buckshnis restated the motion with the agreement of the seconder:

**TO ADOPT THE HEARING EXAMINER'S JULY 20, 2016 FINDINGS OF FACT, CONCLUSIONS OF LAW AND RECOMMENDATIONS AS THE CITY COUNCIL'S DECISION IN THIS MATTER AND TO APPROVE THE PROPOSAL SUBJECT TO THE TWO CONDITIONS OF APPROVAL SET FORTH IN THE HEARING EXAMINER'S RECOMMENDATIONS. MOTION CARRIED UNANIMOUSLY.**

## **9. STUDY ITEMS**

### **1. REFUNDING 2007 LIMITED TAX GENERAL OBLIGATION BONDS**

Finance Director Scott James relayed this bond finance option could save the City up to \$350,000. The City issued limited tax general obligation (LTGO) bonds in 2007. Staff and the City's financial adviser recommends they be refinanced. He introduced Scott Bauer, Northwest Municipal Advisors, the City's financial adviser. Mr. Bauer reviewed the bond market:

- Interest rates continue at near-historical lows
- Displayed charts showing an index of well-rated, long-term interest rates 1990 to present and July 2013 to 2016

He reviewed the City's outstanding LTGO bonds:

- 2007 bonds
  - \$3.4 million outstanding
  - \$3.1 million can be refinanced
  - Final maturity 2026
  - Call date 2016
  - Refinancing debt does not extend the maturity although that is an option

- 2012 bonds
  - Call date several years out

Mr. Bauer explained there are two ways to refinancing bonds:

- Bonds may be sold through an investment bank or through a private placement (bank loan)
- Bonds sold through an investment bank
  - Typically have lower interest rates but higher issuance costs
  - Require an official statement, bond rating, yearly disclosure
  - Process takes 2 –3 months to complete
  - Rates are not locked until the bonds are priced (toward end of process)
- Bonds sold through a private placement
  - Typically has higher interest rates but lower issuance costs
  - No official statement, bond rating, disclosure of annual audit
  - Process takes 1 –1.5 months to complete
  - Rates can be locked in 2-3 weeks

He described 2007 Bonds Refunding

- Limited Tax General Obligation Bonds, 2007
  - \$3,375,000 currently outstanding
    - \$3,120,000 Callable (Maturities 2017 –2026)
    - Callable interest rates range from 3.65% to 3.95% (Average 3.87%)
  - Final maturity December 1, 2026
  - Call Date December 1, 2016

- Investment Bank

<b>Estimated Refunding</b>	<b>Current Market <sup>(1)</sup></b>	<b>+0.25%</b>
Par Amount of Refunding	\$2,825,000	\$2,830,000
Bonds:		
All-in Interest Cost of	1.92%	2.18%
Refunding Bonds:		
Nominal Savings:	\$353,000	\$302,000
Net Present Value	\$326,000	\$278,000
Savings:		
Net Present Value Savings	10.5%	8.91%

%:

(1) Based on estimated interest rates as of 7/26/2016

- Private Placement

<b>Estimated Refunding</b>	<b>Bank Est. <sup>(1)</sup></b>	<b>+0.25%</b>
Par Amount of Refunding	\$3,180,628	\$3,180,628
Bonds:		
All-in Interest Cost of	1.90%	2.15%
Refunding Bonds:		
Nominal Savings:	\$349,000	\$305,000
Net Present Value	\$323,000	\$276,000
Savings:		
Net Present Value Savings	10.4%	8.84%

%:

(1) Based on indicative rate from a bank

Mr. Bauer described next steps:

- August 1 Issue a Request for Financing Proposals from Banks
- August 12 Receive and Evaluate Proposals

- August 23 City Council Considers Adoption of Bond Ordinance
- September 6 Close on Refinancing Transaction

Mr. James referred to materials in the packet including an engagement letter with Northwest Municipal Advisers for their financial advising services and an engagement letter for Foster Pepper for bond counsel services. Staff requests staff confirm support and move forward with the bond refinancing via private placement and begin the RFP process. Staff is also requesting Council confirm support for engaging Northwest Municipal Advisors, and confirmation to engage Foster Pepper for bond counsel services in 2016.

Councilmember Buckshnis commented on the unknowns due to the political situation. For .1% difference between private placement and investment bank, she asked why take the extra time for private placement. Mr. Bauer advised the private placement takes the shortest amount of time.

Councilmember Teitzel said based on the low interest rates in the market and the net present value of savings over the term, he did not see a downside to proceeding. He asked if there was a downside. Mr. Bauer answered when a bond becomes callable, it is good housekeeping to refinance, assuming there are enough savings. He did not see a downside.

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TIBBOTT, TO SUPPORT REFUNDING THE BONDS. MOTION CARRIED UNANIMOUSLY.**

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO CONFIRM SUPPORT FOR THE CITY TO ENGAGE WITH NORTHWEST MUNICIPAL ADVISERS FOR THEIR FINANCIAL ADVISORY SERVICES AND THE LETTER OF ENGAGEMENT. MOTION CARRIED UNANIMOUSLY.**

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO CONFIRM SUPPORT FOR THE CITY TO ENGAGE WITH FOSTER PEPPER FOR BOND COUNSEL SERVICES TO DRAFT THE BOND REFUNDING DOCUMENT AS OUTLINED IN THE ATTACHED FOSTER PEPPER AGREEMENT. MOTION CARRIED UNANIMOUSLY.**

Mr. James said formal approval of the letters will be on the Consent Agenda.

**2. RENEWAL OF INTERLOCAL AGREEMENT WITH SNOHOMISH REGIONAL DRUG & GANG TASK FORCE 2016-2017**

Assistant Police Chief Jim Lawless explained this Interlocal Agreement has been in place since 1988 and requires an annual renewal for services.

Council President Johnson referred to the presentation from the Snohomish Health District which included one of their programs, drug buy-back program. She understood there were fewer locations where people can return medications. ACOP Lawless clarified it is a take-back program, a buy-back. There are two different programs, one that the health district is discussing and another overseen with the assistance of the Snohomish Regional Drug & Gang Task Force. A large box mounted to floor in the Police Department lobby is a secure box for turning in medications. They are secured in the box, the Task Force picks up at various locations and destroys them. Historically Edmonds' drop box has the second or third highest use in Snohomish County. Council President Johnson said individual pharmacies do not have drop boxes. ACOP Lawless agreed, that is being addressed by the Health District and legislative assistance to put pressure on pharmaceuticals to be an active participant in these programs. Council President Johnson commented this is an important issue for the community, especially with increased opioid use.

Councilmember Fraley-Monillas said the Health District passed an ordinance regarding the drug take back program. A \$0.02/prescription fee will fund the pick-up and disposal of the drugs. Most local stores/pharmacies will have boxes; one of the reasons they discontinued that service was the cost.

**COUNCIL MEMBER JOHNSON MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO FORWARD THIS ITEM TO THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY.**

**3. RENEWAL OF INTERLOCAL AGREEMENT WITH EDMONDS SCHOOL DISTRICT FOR POLICE COVERAGE AT ATHLETIC EVENTS**

Assistant Police Chief Jim Lawless explained this is a semi-annual renewal of an agreement with the Edmonds School District for providing off-duty police officers for security at events at Edmonds-Woodway High School stadium. All costs are recovered from the District and there is no expense to the City.

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO FORWARD THIS ITEM TO THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY.**

**4. ORDINANCE ADDING PUBLIC INDECENCY SECTIONS TO ECC 5.38 (OFFENSES AGAINST PUBLIC MORALS)**

Assistant Police Chief Jim Lawless explained over the years the City has received repeated complaints about establishments within City, commonly referred to as bikini barista stands. A prominent one several years ago is no longer in business; it was part of larger countywide investigation of a business owner who had numerous locations and other activity was occurring. These situations are complaint-driven by citizens; staff does not actively look for them. The proposed language in the ordinance is intended to clarify and clean up antiquated language. Two ordinances somewhat address this situation, one related to adult entertainment, a 17-page ordinance that was last updated in 1996. That ordinance addresses what is considered traditional adult entertainment establishments and how to apply for such an establishment but it did not anticipate that the behavior would carry over into coffee-stands. It was intended to address activity that was contained, controlled, consenting adults and outside public view. The bikini baristas have become a regional issue over the past 8-10 years.

ACOP Lawless explained the other ordinance that this proposal amends addresses offenses against public morals and public indecency. That ordinance is also older and needed to be updated. Staff worked with the City Attorney's office to incorporate language related to adult entertainment establishments and further enhance the language related to public indecency. Lynnwood and Everett, who struggled with this issue and were involved in larger investigations, have successfully developed ordinance language that has withstood judicial scrutiny related to first amendment issues and what can/cannot be regulated. The proposed language goes into detail regarding definitions of behavior and descriptors about state of undress and what's considered nudity and improper behavior. Contrary to statements in the media that the proposal is targeting a specific business, the proposed changes are in response to community concerns regarding behavior citizens do not want in public view or have the potential for public view. The proposed language also brings violations into the local municipal court; the previous language did not allow violations to be cited in municipal court, requiring cases to be filed in South District Court.

Councilmember Buckshnis commented the ordinance was very well written. She referred to a bike event in Ballard/Seattle that many find very offensive and asked how that would be handled if it came to Edmonds. ACOP Lawless responded the language was not intended to address one specific thing or business; it would address that event based on the definitions. Councilmember Buckshnis referred to moral fabric, citing the difficulty many people have with the marijuana store on Edmonds Way that is actually located in Esperance. ACOP Lawless said the ordinance is cognizant of first amendment rights,

right to privacy, and freedom of expression which is why there are exemptions for art such as live art or a play with nudity. The Police Department is not trying to be the moral police and dictate what is acceptable to them personally; the goal is to get a handle on what is acceptable in the open. Councilmember Buckshnis agreed with regard to art, commenting some people in that bike event think it is artistic freedom.

Councilmember Tibbott expressed appreciation to staff for working with other cities to develop the language and the effort to make it defensible. He asked if the ordinance would cover the issue of body paint. ACOP Lawless said common sense needs to come into play. By definition for someone to be totally nude but painted, it would depend on the quality of the body paint and what is discernable which is why the definitions of nudity and what qualifies under as nudity is so specific. Much of that language was taken from Lynnwood's ordinance that was drafted several years ago in response to the same issues. While the Police Department is proactive in its approach to crime, certain quality of life issues are complaint driven. If someone calls to say something is offensive, staff will respond and if it meets the parameters, gentle persuasion to get voluntary compliance is the first route; if that does not work, the ordinance provides the basis for enforcement.

Councilmember Teitzel understood bikini barista stands have created the need for this language and tightening the code. He asked whether there were enough complaints and indecent exposure in Edmonds to warrant enacting this language if bikini barista stands did not exist. ACOP Lawless answered yes, staff has been exploring this language for some time. Although complaints and issues have decreased, there are still regular occurrences of people not taking into consideration their surroundings and location when engaging in certain behaviors. He summarized the existing ordinance needed to be tightened up and provide further clarity.

Councilmember Fraley-Monillas referred to 5.38.150.A., "Appears in a state of nudity in a public place..." and the definition of nudity in C.1.b that includes "cleavage of the male or female buttocks." Although that makes some sense, she used the high school as an example where young folks may a little of their buttocks showing. She was also concerned with A.2, that makes it illegal to urinate anywhere other than a restroom or other facility. If a homeless person who has no other place to go but the woods or bushes, she asked whether urinating be illegal. ACOP Lawless answered no, another ordinance addresses urination in public and what is in plain view while that person is engaged in that activity. For example, if someone is standing next to tree with their back to the public, that would not, by definition, qualify as violation of that ordinance. He reiterated common sense always comes into play and assured there are certain activities this is meant to address. He assured everything in the ordinance is included for a reason. As it relates to the high school, reasonableness and intent on the part of the person engaged in that activity is always considered when any enforcement action is considered. A kid making a fashion statement in the hall at the high school, it is up to the school to deal with that; the police will not be patrolling the high school.

Councilmember Fraley-Monillas said she did not see that flexibility in the ordinance. ACOP Lawless answered with a few exceptions where arrest is mandatory such as domestic violence, law enforcement officers have discretion; there is an RCW that provides for officer discretion and quality officers make those decisions.

Councilmember Fraley-Monillas said she agreed with most of the ordinance but questioned potential clothing/attire determination. She understood officers will not be patrolling the high school looking for violations, but interesting clothing may be seen near the high school, at the Taste of Edmonds or the Waterfront Festival. ACOP Lawless assured that as with most ordinances, enforcement is complaint driven and the default is always voluntary compliance. If that does not work, a second attempt is made and if that doesn't work, other action may be necessary to reach a resolution.

Council President Johnson said this is related to establishing community standards for what is considered indecent and what would be solicitation for indecency. She supported the proposed language.

**COUNCIL PRESIDENT JOHNSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO FORWARD THIS ITEM TO THE CONSENT AGENDA.**

Councilmember Teitzel referred to the sign code that was being amended to be more enforceable. He was concerned parts of this code may not be enforceable, citing 5.38.150.C.1.d, “Human male genitals in a discernibly turgid state, even if completely and opaquely covered.” He questioned how that could be enforced and suggested it be removed from the code. ACOP Lawless explained that sentence is specific to certain situations that may be present in a bikini barista type situation and is intended to deal with not only the individual working there but also the customer either during the interaction or after and is also part of the exchange that sometimes takes place.

Councilmember Fraley-Monillas preferred to have this on the agenda next week rather than the Consent Agenda because she plans to vote against the community standards part of the document. She was not certain she wanted the officers policing morals related to behavior.

**MOTION CARRIED (4-2), COUNCILMEMBER TEITZEL AND COUNCILMEMBER FRALEY-MONILLAS VOTING NO.**

Mayor Earling declared a brief recess.

**5. DISCUSSION AND POTENTIAL ACTION ON ORDINANCE AMENDING THE SIGN CODE**

Planning Manager Rob Chave explained following last week’s public hearing, the Council voted to use the Planning Board’s recommended ordinance as a basis for discussion and further amendment. Two potential amendments were suggested by Councilmembers for staff to review:

1. State a preference that pedestrian signs to be located within two feet of the building face while providing an exception process to handle situations where the better location might be at the curb.
  - If Council wants to make that amendment, the location in the code and the language is provided in the Council packet (page 211).
2. Allow temporary pedestrian signs for 60 days for “new” businesses. These signs could be located off-site to provide enhanced visibility for the ‘new’ business.
  - If Council wants to consider that, staff prefers it be addressed during the legal review of code. The existing sign code does not allow offsite commercial signage. If an exception is provided specifically for new businesses only in downtown, it may raise a legal question with regard to regulating commercial speech differently in different locations. There is uncertainty whether the language could be construct in way that it would pass legal review.

Mr. Chave explained tonight is an opportunity for Council discussion with the intent to draft an ordinance for approval on next week’s Consent Agenda.

Regarding temporary signs for new businesses, Council President Johnson asked if that same argument could be made with regard to allowing pedestrian sign downtown but not throughout the other commercial districts in the City. Mr. Chave said regulations differ by commercial district. For example, post signs are not allowed downtown. The tricky issue is related to the signage being offsite.

Council President Johnson recalled Councilmember Tibbott’s question about whether the space on both sides of a sandwich board sign was counted. She asked whether there was any other sign type where the space on both sides was counted. Mr. Chave said for any two-sided sign, only the space on one side is

counted; for example, blade signs, only the space on one side is counted. The reason is a person can only see one side of a sign at a time and it does not affect the overall area of the sign that a person sees. Council President Johnson commented two people could see the sign from different directions. Mr. Chave said each person would see the same size sign.

Council President Johnson observed either the existing ordinance was unenforceable or everyone chose to ignore it. She asked whether the new ordinance could make pedestrian signs temporary given the regulations related to location, size, and height. Mr. Chave said that is more like the Planning Board's Option 2 that would allow a temporary sign for 60 days. He said enforcement of a time period is difficult unless the days are consecutive. The Planning Board reached the conclusion that that is not how pedestrian signs are used and in their recommendation treated them more like permanent signs but adding more restrictions, requiring the area of the sign to count against permanent signage, etc. He said those restrictions will ultimately discourage that type of signage and point businesses to other sign types.

Council President Johnson said there is a case to be made for no pedestrian signs downtown; however, the business community has stated their believe that they are helpful to businesses. Another option is the existing code, but that has been disregarded, not enforced, and basically provides no controls. She appreciated that the Planning Board had spent months reviewing every possible aspect of the sign code but wondered if it could be improved by establishing a consecutive time period for displaying temporary signs. Mr. Chave summarized Council President Johnson's suggestion, pedestrian signs as temporary with a fixed period of time they could be displayed and said that would be a different ordinance, more like the Planning Board's Option 2. Council President Johnson said it would only require changing a line, stating pedestrian signs are temporary for a consecutive period of time such as 90 days. Mr. Chave said that was an option the Planning Board considered.

Councilmember Tibbott proposed standardizing pedestrian signs, allowing a maximum width of 2.5 feet and a maximum height of 3.5 feet not to exceed 6 square feet of signage. He acknowledged the 3.5-foot height limit was already in the code but the maximum width was not. His research found most signs were 2 feet wide and 3 feet tall. Mr. Chave said if that was approved by Council, staff could identify the appropriate location in the code. Councilmember Tibbott asked whether a 2.5-foot maximum width and a 3.5-foot maximum height would be helpful. Mr. Chave said most A-frame signs would fit within that parameter.

**COUNCILMEMBER TIBBOTT MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO AMEND THE PROPOSED ORDINANCE TO ADD A DESCRIPTION OF A-FRAME SIGNS THAT THEY ARE NO WIDER THAN 2.5 FEET AND NO TALLER THAN 3.5 FEET.**

Councilmember Teitzel raised a point of order whether amendments should be made this week or next. Mr. Chave said amendments tonight would be helpful to staff as they could be included in the ordinance next week. Council President Johnson suggested the Council have discussion, acknowledging it is difficult to know the Council's consensus without motions. Councilmember Buckshnis recalled the Council voted last week on a 4-2 vote to bring Option 3 forward. Council President Johnson clarified the Council voted last week to have Option 3 as a basis for discussion but that did not preclude further discussion.

Councilmember Tibbott asked whether it would be more appropriate to direct staff to include the amendment in the ordinance for Council consideration next week. City Attorney Jeff Taraday said it doesn't matter how the motion is phrased; he and staff welcome clear direction regarding where the Council wants to go with the ordinance, for example the amendment Councilmember Tibbott offered. Mayor Earling preferred Councilmembers suggest amendments and staff would prepare the amendment and votes could be taken.

Councilmember Fraley-Monillas expressed concern with allowing the maximum sign size. She was used to the 2x3 foot A-frame signs in the downtown core. Mr. Chave said A-frame signs can be a maximum of 6 square feet; they are frequently 2 feet x 3 feet but some may differ. Councilmember Fraley-Monillas said they are generally 2 feet wide by 3 feet tall. Mr. Chave referred to Councilmember Tibbott's email stating he had measured A-frame signs and found they were generally 2 feet wide by 3 feet tall. Councilmember Fraley-Monillas was concerned with allowing a larger sign in the downtown core. She encouraged Council to retain the original recommendation, a maximum of 6 square feet. Mr. Chave said he understood Councilmember Tibbott's amendment to retain the maximum of 6 square feet but not allow it to be wider than 2.5 feet or higher than 3.5 feet.

Councilmember Tibbott suggested staff add the amendment he proposed to the ordinance in the appropriate location for Council consideration and discussion next week. Councilmember Fraley-Monillas asked if that was appropriate. Mr. Taraday expected that the Council would vote on amendments so staff has clearer direction regarding which amendments are likely to remain in the ordinance; that would not preclude the Council from making amendments next week.

Councilmember Mesaros said he will support the motion because if there are no parameters, a sign could be 6 feet tall and 1 foot wide. Mr. Chave said the ordinance already contains a limitation of 3.5 feet high; the amendment adds a maximum 2.5-foot width. Councilmember Mesaros said without the amendment, a business could have a sign 6 feet wide and 1 foot high.

Council President Johnson asked if the intent was for size to apply only to A-frame signs. Councilmember Tibbott answered yes.

Councilmember Buckshnis inquired about the Planning Board's recommended dimension. Mr. Chave answered any pedestrian sign can be a maximum of 6 square feet and a maximum height of 3.5 feet for A-frame signs and 4.5 feet for other pedestrian signs. Councilmember Buckshnis did not support the motion as she preferred to stick with the Planning Board's recommendation.

**MOTION CARRIED (4-2), COUNCILMEMBERS BUCKSHNIS AND FRALEY-MONILLAS VOTING NO.**

Councilmember Teitzel said the consultant, Makers, proposed A-frame signs be located within 10 feet of the building entry and within 2 feet of building; Makers did not recommend signs be placed next to the curb.

**COUNCILMEMBER TEITZEL MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AMEND 20.060.050.C TO READ, "THE SIGN SHALL BE LOCATED WITHIN 10 FEET OF THE BUILDING ENTRY UNLESS IT IS PLACED IN A LOCATION THAT BETTER PRESERVES PUBLIC PEDESTRIAN AND VEHICULAR ACCESS, AND MUST BE PLACED WITHIN TWO FEET OF THE BUILDING. ANY DEVIATIONS FROM THIS STANDARD MUST BE SUBMITTED TO THE ARCHITECTURAL DESIGN BOARD FOR REVIEW AND APPROVAL PER 20.60.015(B)(1)."**

Mr. Chave commented Architectural Design Board (ADB) review would be difficult without criteria. Councilmember Teitzel said the members of the ADB have an eye for design, clean design, and addresses clutter. He believed with proper knowledge of the code, the ADB could determine whether a deviation should be allowed. If there was a valid reason for a sign to be placed at the curb, the ADB could make that determination; signs at the curb would be an exception rather than the rule. After listening to Ms. Shippen's comments about visual pollution and clutter, Councilmember Teitzel said this amendment would assist with reducing clutter in downtown Edmonds.

Mr. Chave referred to the language staff proposed, “The preferred location is within two feet of the building face, or within two feet of the curb if staff determines that the curb location will better preserve pedestrian access.” With that language, the sign needs to be within 2 feet of the building face and can only be located at the curb if it better preserves pedestrian access. Staff’s proposed language provides a criterion and clearly stated preference. Councilmember Teitzel said he walked around downtown over the last several days with this in mind; some businesses have sidewalk dining which in some cases may preclude placing a sign near the building. However, those businesses could eliminate one table to create a space for a sign next to the building. Similarly, other buildings have clothing racks which should not preclude locating a sign next to the building. He saw very few instances where a sign could not be located next to the building.

**MOTION CARRIED (5-1), COUNCILMEMBER MESAROS VOTING NO.**

**COUNCIL PRESIDENT JOHNSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO ALLOW A-FRAME SIGNS FOR A LIMITED TIME AND SUGGESTED 90 CONSECUTIVE DAYS.**

Council President Johnson said she took to heart what Ms. Shippen said about the City going from an unenforced 60 day temporary signs to permanent 360 day allowed signs. That undermines the original intent that Ms. Shippen raised, to reduce the amount of visual clutter and to improve the appearance of downtown.

Councilmember Teitzel said while he is not a fan of A-frame, the downtown businesses made a strong case that they rely on A-frame signs to create walk-up business. Over time, it may transition away from that media toward technological ways of directing customers to businesses but for the time being, businesses need A-frame signs to generate business. It is important to have a vibrant downtown; if the businesses believe A-frame signs help them generate business and allow them to remain in businesses, versus empty storefronts, the signs should be allowed to remain year-round with the exception they be brought inside in the evening. The signs are temporary in that they are not on display 24 hours a day.

Councilmember Fraley-Monillas believed Edmonds has a vibrant downtown. She was willing to give the proposal a try and see what it looks like, possibly revisiting it in 6 – 9 months to see if any issues have arisen. She did not envision it would look any worse than it is today and she hoped having the signs closer to the building, having a limit on the size, and allow for access on the sidewalks would improve the current situation. The Council can make a change if it is not working or there are abuses to the A-frame signs. She recognized policing and permitting the signs will be extra work for staff.

**UPON ROLL CALL, MOTION FAILED (2-4), COUNCIL PRESIDENT JOHNSON AND COUNCILMEMBER BUCKSHNIS VOTING YES; AND COUNCILMEMBERS FRALEY-MONILLAS, MESAROS, TEITZEL AND TIBBOTT VOTING NO.**

Mayor Earling advised staff will bring the amendments with the main motion next week.

**6. RESOLUTION OF INTENT TO DESIGNATE WESTGATE MIXED USE ZONE DISTRICT AS RESIDENTIAL TARGETED ZONE FOR IMPLEMENTATION OF MULTI-FAMILY TAX EXEMPTION PROGRAM AND TO SCHEDULE PUBLIC HEARING**

Economic Development & Community Services Director Patrick Doherty provided the history of the Multi-Family Tax Exemption (MFTE) program.

- 1995 – State Legislature created the MFTE program - RCW 84.14
- The purpose was to help spur redevelopment in lagging urban centers

- Fulfill GMA goals to encourage in-fill development in existing urban centers, thereby reducing sprawl and promoting “smart growth”

He described how MFTE works:

- MFTE provides incentive to developers to invest in “residential targeted areas”
- Residential targeted areas – mixed-use centers designated by cities in Comp Plans or Subarea Plans to receive greater density of multifamily and commercial development
  - Often called “urban villages” or “urban centers”
    - Walkable
    - Amenity-rich
    - Transit-supportive
    - Mixed-use areas
  - Intended to accommodate future growth in housing and employment
  - Designated by cities through Comp Plans or Subarea Plans per GMA

Mr. Doherty described barriers to development:

- Notwithstanding a city’s plans, transformation to “urban village” can be fraught with challenges
- Challenges include:
  - Competition from higher-rent locales (e.g., Seattle, Bellevue)
  - Complications with urban redevelopment:
  - Unwilling property sellers
  - Need to aggregate multiple properties
  - Existing long-term leases
  - Environmental remediation
- These factors can stall transformation to planned-for mixed-use centers for decades!

He explained the MFTE program is one small tool to provide an incentive to developers and investors to overcome these challenges and encourage development of multifamily and mixed-use projects. He described program basics:

- MFTE Program is applicable to:
  - Projects containing at least 4 dwelling units
  - Exempts residential improvement value ONLY
  - Nonresidential (commercial, e.g.) improvement value is NOT exempt
  - Land value is NOT exempt
- State law provides two options:
  - 8-year exemption period
  - 12-year exemption period if the project includes at least 20% of units as affordable to rent or buy to low- and moderate-income households (Low-income = 80% of AMI; moderate-income = 115% of AMI)
- No increase in taxes to taxpayers
  - Even though a project may be partially exempt from property tax, existing taxpayers see no additional burden.
  - Exempted taxes simply do not accrue during the exemption period
  - Upon completion of the exemption period, the entire project is taxed and full tax revenue accrues

To illustrate the program’s reach, he identified cities near Edmonds that have implemented MFTE: Seattle, Lynnwood, Everett, Kenmore, Shoreline, Marysville and Mountlake Terrace and statewide: Spokane, Yakima, Bellevue, Renton, Kirkland, Burien, Bremerton, University Place, Puyallup, SeaTac, Bellingham, Auburn, Olympia, Vancouver, Federal Way, Kent, Wenatchee, Walla Walla, Moses Lake, Anacortes, Issaquah, Tukwila, Des Moines and Covington. In fact, because of the program’s widespread

application statewide, many developers have come to consider the MFTE program as a necessary tool to help overcome the challenges of urban redevelopment in all but the highest-rent housing markets.

The resolution in the Council packet is the first step required by RCW 84.14 in considering implementation of the MFTE Program at the local level. The Resolution of Intent does two things:

- Indicates City Council's intent to designate an area as "residential targeted area" where implementation of the MFTE may occur
- Sets date, time and place of the required public hearing

Staff proposes that the Westgate Mixed-Use Zone District be considered for designation as a residential targeted area. Pursuant to City Council's adoption of the Westgate Mixed-Use (WMU) Zone District in April 2015, that district was designated a mixed-use center intended to become:

- Mixed-use
- Walkable
- Compact development
- Variety of housing
- Employment
- Goods and services

While residential development has been robust around the City, it is lagging in Westgate, likely due to the challenges cited earlier. He displayed a map of the proposed residential targeted zone, the Westgate Mixed-Use Zone District. He described the required steps:

- Per RCW 84.14, City Council must first pass the proposed Resolution of Intent and set the public hearing for August 16, 2016
- After the public hearing the City Council may pass a Resolution designating the WMU Zone District as the "residential targeted area"
- Then staff will return with the ordinance containing the code provisions to implement the program

Mr. Doherty recommended the Council pass the Resolution of Intent to designate the Westgate Mixed-Use Zone District as a residential targeted area and set a public hearing for 7 p.m., August 16, 2016.

Councilmember Buckshnis said she was ready to pass the resolution of intent tonight. She asked if the resolution of intent should include the option; she preferred the 12-year exemption period. Mr. Doherty reviewed the process: first the City Council indicates its intent to designate an area and holds a public hearing. Following the public hearing, the Council designates the area where the program may be implemented. Staff then returns with the program details and the options for Council discussion and decision. Implementation is limited to the area the Council designates. Neither the first step, intent, nor the second step, designation, implements the program. Pros and cons of the program would be discussed when staff presents the program details.

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO APPROVE A RESOLUTION OF THE CITY OF EDMONDS, WASHINGTON, NOTIFYING THE PUBLIC OF ITS INTENT TO DESIGNATE THE WESTGATE MIXED-USE ZONE DISTRICT AS A RESIDENTIAL TARGETED AREA FOR THE PURPOSE OF ESTABLISHING A MULTIFAMILY TAX EXEMPTION PROGRAM AND SETTING A PUBLIC HEARING.**

**COUNCIL PRESIDENT JOHNSON MOVED, SECONDED BY COUNCILMEMBER MESAROS, TO AMEND THE MOTION TO SET THE PUBLIC HEARING FOR AUGUST 16, 2016. AMENDMENT CARRIED UNANIMOUSLY.**

**MAIN MOTION AS AMENDED CARRIED UNANIMOUSLY.**

Councilmember Teitzel expressed his complete support for the MFTE program including a 12-year exemption so that the project includes at least 20% of units affordable to low and moderate-income households. He recognized prices are increasing in Edmonds and the region; without something like this, there will not be affordable housing in Edmonds. He asked the annual cost to the City in tax revenue if a developer constructed 100 residential units with the 12-year exemption. Mr. Doherty said it does not cost anything; the City gets some of the increased taxes from a new project, but that project may not happen without this incentive. Anecdotal comments from developers are that they think regionally and are oriented toward developments in cities such as Seattle that can generate higher per square foot rates. Edmonds and other cities face competition for development so there is a need for incentives. He summarized the City does not lose any tax, it still collects the levy amount, just not the extra bump of a full new project.

#### **10. REPORTS ON OUTSIDE BOARD AND COMMITTEE MEETINGS**

Councilmember Buckshnis reported the Tree Board is working on the Arbor Day planting near Shell Creek. Rondi Nordal, Students Saving Salmon, did a great job with her presentation to WRIA 8 and following her presentation, A NOAA representative offered her an internship.

Council President Johnson reported she attended a Long Range Financial Planning meeting, the Civic Planning Advisory Committee meeting, the Mayor's picnic for employees and the Economic Alliance of Snohomish County's tour of Everett as well as introduced a concert in the park on Sunday.

Councilmember Teitzel reported the Port of Edmonds completed a property line survey to determine their property line relative to the Edmonds Marsh. The Port is considering a survey to determine the ordinary high water mark. The Port has concerns with the Waterfront Festival due to congested parking and complaints about marine tenants unable to reach their boats. The Port wants the Waterfront Festival to have more of a waterfront feel with less amusement rides, beer garden and vendors and prefers a wooden boat show, fishing derby at the pier and other activities that are waterfront oriented. A number of Harbor Square leases are expiring; the Port plans to do a market rate analysis to determine if lease rates need to be adjusted upward.

Councilmember Teitzel reported there were questions about the validity of the survey at the Civic Field Advisory Committee. Attendees of the open house and online open house rated activities of high priority to the City; Pétanque was rated the highest. The Historic Preservation Commission has assessed the grandstands and the Boys & Girls Club building and determined neither rise to the level of local historic designation. The Boys & Girls Club building was substantially remodeled in 1980 with pressboard siding, new windows and a completely different entry. However, there is strong sentiment that the Boys & Girls Club structure be saved for future generations.

Councilmember Mesaros said he reported on the June Public Facilities (PFD) Board meeting earlier this month and that the City Council appointed two new PFD board members. Due to a change in the meeting date, ACOP Lawless attended the SNOCOM meeting in his absence; SNOCOM is continuing its discussions with SNOPAC regarding a merger opportunity. Members met with the consultant hired to facilitate the process of a merger.

Councilmember Tibbott reported the Economic Development Commission discussed short and long term priorities; he expected those to be presented to the Council soon. He reported the Snohomish County Tomorrow meeting included a presentation by Lynnwood's Development Services Director regarding the vision in their Comprehensive Plan. He found it interesting enough that it would be worthwhile to have a similar presentation made to the Edmonds City Council for the purpose of learning what a neighboring city is doing.

**11. MAYOR'S COMMENTS**

Mayor Earling encouraged Councilmembers to attend the Edmonds Center (ECA) for the Art's 10<sup>th</sup> Anniversary celebration on Saturday, July 30. He noted the ECA has been an amazing transformation over a long period of time and the facility is very successful. He was thankful the ECA was located in this community.

Mayor Earling encouraged Councilmembers to attend the unveiling of the Green Resource Center tomorrow at 1:00 p.m. on the second floor of City Hall. He recognized planning and engineering who have spent countless hours designing and assembling it and staff members LaFave and Housler, two highly skilled craftsmen, who constructed the improvements.

**12. COUNCIL COMMENTS**

Councilmember Mesaros encouraged Councilmembers to attend the 10<sup>th</sup> Anniversary celebration at ECA. A list of the activities is available on their website.

Councilmember Teitzel reported on the July 21 Walk Back in Time that included volunteers in period costume, many of who are related to Civil War veterans buried at the cemetery. There are 20 Civil War veterans buried in the cemetery, one of whom was present when General Lee surrendered at the courthouse. He encouraged the public to learn more about Civil War veterans buried in Edmonds.

Council President Johnson relayed information from the Economic Alliance of Snohomish County highlighting a woman owned small business in Edmonds, Sound and Sea Technology, that received a \$15 million contract from the Naval Facilities Engineering Command Engineering and Expeditionary Warfare Center to install an underwater cable system in support of the seismo-hydroacoustic data acquisition system; the largest task order from the Navy that this company has been awarded.

Councilmember Buckshnis thanked Mayor Earling for the tribute at the beginning of the meeting. Living off Olympic View Drive, she found it very sad and often sees drivers speeding. Something needs to be done to prevent fatalities.

Councilmember Fraley-Monillas said she will be unable to attend the ECA's celebration as she will be in Mt. Vernon with the Edmonds Special Olympics team at their baseball tournament. The Lynnwood City Council invited her to attend their social service committee that included a discussion regarding homelessness. The guest speaker, Chris Boyer, explained how Lynnwood went from having no services for the homeless to building housing for homeless veterans. She has asked Council President Johnson to invite Mr. Boyer to provide a brief presentation on how Lynnwood accomplished that with very little money. She apologized for missing last week's meeting, explaining she was working in Las Vegas.

**13. CONVENE IN EXECUTIVE SESSION REGARDING PENDING OR POTENTIAL LITIGATION PER RCW 42.30.110(1)(i)**

This item was not needed.

**14. RECONVENE IN OPEN SESSION. POTENTIAL ACTION AS A RESULT OF MEETING IN EXECUTIVE SESSION**

This item was not needed.

**15. ADJOURN**

With no further business, the Council meeting was adjourned at 9:49 p.m.