

EDMONDS CITY COUNCIL APPROVED MINUTES

October 11, 2016

ELECTED OFFICIALS PRESENT

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

ELECTED OFFICIALS ABSENT

Thomas Mesaros, Councilmember

STAFF PRESENT

Al Compaan, Police Chief
J. Burrell, Police Officer
Phil Williams, Public Works Director
Scott James, Finance Director
Mary Ann Hardie, Human Resources Director
Rob Chave, Planning Manager
Rob English, City Engineer
Mike DeLilla, Senior Utilities Engineer
Carolyn LaFave, Executive Assistant
Jeff Taraday, City Attorney
Scott Passey, City Clerk
Jerrie Bevington, Camera Operator
Jeannie Dines, Recorder

1. CALL TO ORDER/FLAG SALUTE

The Edmonds City Council meeting was called to order at 7:00 p.m. by Mayor Earling in the Council Chambers, 250 5th Avenue North, Edmonds. The meeting was opened with the flag salute.

2. ROLL CALL

City Clerk Scott Passey called the roll. All elected officials were present with the exception of Councilmember Mesaros.

3. APPROVAL OF AGENDA

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TEITZEL, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

4. APPROVAL OF CONSENT AGENDA ITEMS

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER TIBBOTT, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

- 1. APPROVAL OF COUNCIL SPECIAL MEETING MINUTES OF OCTOBER 4, 2016**
- 2. APPROVAL OF COUNCIL MEETING MINUTES OF OCTOBER 4, 2016**
- 3. APPROVAL OF CLAIM, PAYROLL AND BENEFIT DIRECT DEPOSIT, CHECKS AND WIRE PAYMENTS**

5. PRESENTATIONS/REPORTS

1. NATIONAL ARTS & HUMANITIES MONTH PROCLAMATION

Mayor Earling read a proclamation proclaiming October as National Arts and Humanities Month in Edmonds and calling upon citizens to celebrate and promote arts and culture by participating in many cultural activities in the community. Beverly Starkovich, Edmonds Arts Commission, accepted the proclamation. Ms. Starkovich said the proclamation addresses nearly all the things the Arts Commission discusses at their meetings. She thanked her fellow Arts Commissioners and said the Edmonds community has continued to expand its interest in the arts. She reported the sold-out, three-day Write on the Sound earlier this month brought people from all over the country to Edmonds. She urged the community to participate in arts and culture during October including events at the Edmonds Center for the Arts, Artwalk, visiting galleries and public art, etc.

2. SISTER CITY COMMISSION 2016 STUDENT EXCHANGE PRESENTATION

Mayor Earling introduced Anita Kotik who accompanied the student delegation to Japan. Ms. Kotik displayed photographs from the student's trip to Hekinan, Japan. She thanked the Edmonds Sister City Commission and everyone involved in planning, organizing and funding the student exchange this summer. She found it not only an incredible experience, one she likely would not have had the opportunity to do without this program, but a rewarding experience to watch the bonds formed between Edmonds delegates and their host families. She and the students returned to Edmonds with incredible memories including sights and attractions, but the memories she cherished most were the experiences with her host family including family dinners, watching fireworks, walking to her host daughter's school and experiencing everyday life with them and feeling like a member of their family. She was grateful to have this experience and to lead the group of students along with Robert Allen, her fellow chaperone. She and Mr. Allen were proud of how well the students represented the city, state and country while in Hekinan.

Members of the 2016 student exchange program spoke regarding the trip to Hekinan:

- Jose said it was one of the best experiences of his life, being able to travel to another country, experience the different world they live in and getting accustomed to new things like the sink and shower. The trip far exceeded his expectations. He thanked the City for this program and hoped it would continue in future.
- Sam Harris said he was grateful for the experience of traveling across the world and making a new family connection. He hoped to experience Japan again in the future and to see his host family again. It was an amazing experience and he was glad to have had the opportunity.
- Tracy Bartolome, a big believer in the power of travel, said travel and seeing a different perspective is incredibly humbling which is super important for any age but especially children in a malleable state. She joined this trip for cultural immersion, something she wants to continue as an adult. Prior to the trip, she was studying Japanese as a hobby; after experiencing their culture, she is certain she wants to study Japanese culture and language in college. As Jose and Sam said, the bonds they made were incredible. She formed a close knit group with three girls from Hekinan and they plan to meet in Tokyo for the 2020 Olympics. She thanked the City for the program and hoped it would continue.

Having gone to Japan with the adult delegation a few years ago, Mayor Earling agreed it was truly a rich and rewarding experience. He will always remember his trip as he was sure the students would and looked forward returning to Hekinan with the adult delegation in the future.

3. PRESENTATION OF THE PROPOSED 2017 CITY BUDGET

Mayor Earling presented the 2017 budget message:
Members of the City Council, Staff and Citizens of Edmonds:

I am pleased to present to you the City of Edmonds 2017 Budget.

The budget process begins in June of every year. Each year presents new circumstances, opportunities, and challenges depending on various shifts in the economy and needs of the city.

My first budget was not much fun to assemble. The staff and I had to make dramatic reductions as we faced the then, still tough economy coming out of the recession, and the "red ink" in our near future. With those hard decisions, a slow but improving economy, and several strategic decisions, we have made steady upward financial progress with the help of staff, Council, and the business community.

As you may recall in my previous budget messages, I reported we had genuinely improved revenues in 2014 over 2013, and further improved revenues in 2015 which exceeded 2014.

Once again, due to a continued strong economy, I can report our 2016 revenues continue to improve; however, not to the extent of this past year. Our 2016 operating revenues are projected to be 1.4% higher than our 2015 actual revenues and the 2017 revenues are projected to be 0.9% higher than projected 2016 revenue.

One example of that continued strong economy—as of the end of September, we are \$139,000 ahead of our record sales tax revenue of 2015, with much of the sales tax coming from automobile sales and construction. Another example of continued strength—over the past three years we have added over \$90.7 million in assessed value in new home and commercial construction, with another \$39+ million projected for 2017.

So, while we do have further good revenue news to report and a current strong local economy, I remind us all we are in the eighth year of what often is a ten year recovery cycle. Signals of a slowdown are coming from a variety of levels. Most recently I have heard presentations from the state Office of Financial Management, as well as county and city governments, indicating many of those entities are currently challenged financially.

Another consideration is our contract negotiations with Fire District 1. Progress is being made but final agreement has not yet been reached. The agreement will have financial implications for our budget.

Moving forward, I believe we need to be cautious this next year with how we prioritize spending, focusing on pressing needs.

With that in mind, more attention will need to be paid to important one-time expenditures and work that was deferred as a result of the recession. Chief among the catch-up issues is the need to address serious deferred maintenance on our city-owned buildings. We have valuable assets throughout the city which need attention. This budget sets aside \$400,000 to begin that catch-up.

We will continue our commitment to the street overlay program with an additional \$1.1 M. In addition, we will continue efforts to catch-up on needed important infrastructure deferrals for our water, sewer and stormwater programs; keeping in mind that the state-mandated stormwater regulations will provide challenges as of the first of the year. We will continue to aggressively seek grants to stretch our local dollars.

We will also be making important one-time expenditure improvements to our IT infrastructure. Other examples of critical one-time expenditures include: a housing study in Development Services to identify our community housing needs; moving to a Paperless Court; a local match for further work with the at-grade-crossing issue; and additional dollars for sidewalks.

With the strong 2015 income we added seven new staff positions to address the depleted staff reductions from the recession. However, with the theme of addressing one-time needs as a priority, this year's budget includes the equivalent of four and a quarter full-time new positions; one in Parks for park

maintenance, 2 halftime positions in Development Services to handle the ever expanding number of planning and construction projects in the city, a quarter position in Human Resources, and two positions in the Police Department –one which is in Police Services.

The second police position, I am pleased to announce, is in co-operation with the Edmonds School District and is the reinstatement of the School Resource Officer program for Edmonds Woodway High School. We live in volatile times and having our schools safe is an important priority for this community.

Council, as we have done a few times in the past, I recognize you often have special projects you see as important and of great value to the community which have not been included in the budget so, to that end, I have set aside \$100,000 in the 2017 budget for Council's consideration, priorities and allocation.

We have made great financial strides these past four years in recovering from the impact of the devastating 2008 recession. Hard decisions in 2012, thoughtful planning and priorities, a recovering economy, and strategic decisions, have led us to a new, revitalized, bustling, and energized community.

Because of the work done and the improvements made over time, Edmonds has become a recognized daytime destination. It has also become an appealing place for families considering relocating, as witnessed by the number of baby carriages and strollers in the community.

Over the past few years we have thoughtfully balanced the need to fill open staff positions with the need to catch up on long ignored one time expenditures. We must maintain that balance. In addition, we must continue our success in winning grants for our larger projects.

And finally: 1) We should approach next year's budget and economy cautiously; 2) The staff and I look forward to working with council and the community to bring the 2017 budget decision to conclusion; and 3) I would be remiss if I did not mention the fine work our Finance Director, his staff and our Director's had in formulating the budget put before you this evening. There has been compromise, hard work, and innovation on all their parts.

6. AUDIENCE COMMENTS

James Spangler, Edmonds, said he has not spoken to the Council for some time due to his confidence in the Mayor and Council. He relayed the sign code is negatively impacting small businesses, especially those outside of 5th & Main Street as well as businesses slightly away from those streets. He emphasized people who visit Edmonds appreciate the signs and tell him daily that they would not have been able to find his business without his sign. The reason many businesses did not participate early in the process was because they trusted the Council and expected the Council to understand their needs, they now realize they should have communicated their needs better as well as how important signage is to them. The business community is mobilizing and are hopeful the Council will see the community's support for their signs as a way to find their businesses. Without signage, businesses suffer; he estimated the impact to his business was \$30-\$50/day, a significant percentage of his business' profit. He referred to the Architectural Design Board review, explaining that process creates a barrier for small businesses who are unable to pay \$100 to determine the location of their sign; that requirement is akin to saying you cannot have a sign.

Tracy Felix, Edmonds, co-owner of ARTspot at 408 Main Street, described someone visiting Edmonds, a person with time to spend with family/friends who decides small town shopping and a sidewalk café sound great. As the person walks past the art store, it occurs to them to stop in and pick up a gadget and the staff refers them to the hardware store tucked behind Main Street but easily located with the sign on the corner. A person who loves used books also discovers the bookstore and tells the owner if it wasn't for the sign on the corner they would not have discovered their store. Downtown Edmonds has trees, flowers and quirky colorful signs, classic village architecture, Main Street USA which is becoming increasingly rare. The Council has heard from Natalie Shippen who says the sign boards cry economic distress, even panic. Ms. Shippen's goal is clearly stated in her own words, to maintain Edmonds as a prosperous, attractive residential community. In her view, the local, family-owned businesses are

marginal business that claim to need cheap advertising signs in the public right-of-way to survive. Ms. Shippen's Edmonds is the picture of a fine home but the shopping district is like a seedy front yard. Ms. Felix said Ms. Shippen comes into the stores to chastise the owners in front of their customers. Downtown businesses are trying to survive Walmart and to compete with online shopping, to offer something more community oriented than the mall. The question is whether businesses can survive a local activist like Ms. Shippen who has a great influence on Edmonds. The current ban is causing anxiety for many local businesses. Knowing the new code does not allow businesses to place a sign where they need it most, businesses debate whether to put out their sign board and risk a \$100/day fine or watch customers walk by and not come in. Because signs are put out some days and not on other days makes it difficult to collect financial data.

Denise Cole, Edmonds, owner of Cole Gallery and Cole Art Studio and co-owner of ARTspot, said two of her businesses are on 5th & Main and their great window displays attract customers. However, Cole Art Studio, offering classes and workshops, is located in the basement; she gets 50% of her business from her hand-painted chalkboard artist easel sign. She did not attend the Council meetings regarding the sign code this summer because she was busy coordinating the wine walk. Business owners have ideas about ways to help other businesses that are not located on 5th or Main and are not easily visible. She encouraged the Council to begin a discussion with businesses who depend on their signs. Without her sign, the Art Studio would lose thousands each month. She has great ideas and has been talking with Clayton Moss about artful signs on the corners to help direct people. She requested the Council schedule suspending the sign ordinance on an upcoming agenda. She obtained a permit for her sign but found it a daunting process. She was providing input for her fellow business owners who are not located on 5th & Main in the heart of downtown.

Laura Zeck, Edmonds, owner of ZINC at the corner of 3rd & Main, said people are often aware of the drycleaner at 3rd & Main but not her business. That area has not necessarily been a retail hub; her store opened approximately three years ago and people are slowly learning they are there. She forwarded the Council an email exchange she had with Councilmember Buckshnis that included her numbers. She referred to Mr. Springer's comment that he is losing \$50/day, she said there are times they do not ring \$50/day. Her business is still in a growth mode and the sign helps bring people in every day. The community is very supportive of her store and often say how glad they are that her shop is there. She remarked many people who came in this summer said they moved from Los Angeles, San Francisco and Brooklyn to Edmonds because they felt they were represented. Edmonds needs to play to all of the community which is becoming more diverse. She urged the Council to support all businesses by looking at the sign code again, putting something in place that provides directional signage before taking something away.

Barbara Mercer Edmonds Frame Design & Atelier, explained she moved to Edmonds from California in November 1990 after falling in love with Edmonds because it reminded her of the small, picturesque town in Germany where she grew up. She originally opened her business in an upstairs space on 4th & Dayton that was difficult to see but she made it work with a nice A-board sign on the corner of 4th & Dayton. People found her business and she stayed in that location 12 years. After losing her lease, she was fortunate to find a space on 5th Avenue South, but it is away from the downtown core near IGA and when cars are parked in front, her business is not visible from the street. The people who come in have seen her sign; she is very dependent on her sign. A nicely designed sign helps bring people to Edmonds and to the businesses. She requested a suspension of the sign code and reconsideration of the regulations in businesses' favor.

Dori Glass, Edmonds, an Edmonds business owner, said when she moved to Edmonds from Hollywood, California eight years ago, she told her husband she would not live in the suburbs. However, Edmonds, a growing, artistic town, spoke to her as a place she would be proud to raise her children, have her business

and be part of the community. Over the past couple years, as things have grown, Edmonds has become less romantic, artistic and idyllic. She spoke in favor of sidewalk signs and the quaint, quirky artistic nature that Edmonds used to have.

Kimberly Koenig, Edmonds, owner of Rogue on Main Street, and representing the downtown businesses as the President of the Merchant's Association, said although the newly executed sign ordinance is not on tonight's agenda, it is important that Councilmember understand its impact on small business owners. She recommended the Council undertake a suspension of the newly implemented code. Feedback from businesses include the application process is cumbersome for some and cost prohibitive for others, communication from the City about the execution has been confusion and more importantly, businesses are already experiencing sales losses. Businesses are going into one of the most important retail seasons of the year and she did not feel the Council, in good conscience, could allow members of the business community to struggle and potentially fail because the ordinance needs to be revised. She requested the Council consider suspending the current sign code to allow exploration and implementation of alternate options and that it be done as soon as possible.

Pam Stuller, Edmonds, owner of Walnut Street Coffee, thanked the Council for including A-board signs in the sign code but unfortunately, the execution has been very difficult for businesses. Many businesses that have A-boards in front of their business are not opposed to obtaining a permit but the fee is \$125, a site plan is required which can be cumbersome for a small business, and if a variance is required, the fee for ADB review is \$825 with no guarantee it will be approved. Although her business does not have an A-board, she recognized her business is not island and it thrives when downtown continues to be vibrant and grows. To the myth that social media is the answer to the signage problems, that may be true for some businesses like a coffee shop or restaurant who tend to have great representation on Yelp. However, a thriving, successful business like Housewares that has been in downtown Edmonds for 18 years, has 2 reviews on Yelp, her business has 166. Clearly social media is not how people find out about businesses and the City needs to providing the ability for small businesses to communicate with potential customers. She recommended the Council pursue a short term suspension of the sign code; there are great ideas related to pedestrian type wayfinding signage and she looked forward to working productive on sign solutions.

Dave Page, Edmonds, relayed a conversation he had with a tenant in his building on Olympic View Drive & Puget Drive. He rented the space to tenant at a loss because he wanted a good tenant that would last awhile. When their rent increase came due this month, the tenant, an early learning center, said they couldn't pay it. Their business is growing slowly and steadily and over half of their business comes from the A-board sign in front of the building which they change daily. He recalled when a lot of downtown spaces were boarded up, remarking downtown has made a magnificent recovery, due to the Mayor and City Council as well as the tenacity of of businesses owners hanging on. He agreed something needed to be done about the sign code, some kind of compromise.

Debbie Rosenfelt, Edmonds, one of the owners of Snap Fitness, expressed support for her fellow business owners and themselves. Snap Fitness has been in Edmonds nine years and although they are on the corner of 5th & Main, they count on their sign at the corner. They ask prospective customers how they heard about the gym and most say their sign or driving by. The sign is not large but states what the gym offers such as classes and personal training. As a community neighborhood gym of about 5,000 square feet, every dollar makes a difference. Taking the sign away impacts their bottom line so it is important that they be allowed to display a sign on the corner. She noted the corner would be a good place for sign directing people to other small businesses. She began the process of obtaining a sign permit and found applying for an exception cost \$832. As a small business they continually reinvest in their business which requires they keep expenses down.

Christa Lamothe, Edmonds, owner and physician at Naturopathic Dermatology, said her business is located on a second level on Main Street above Interiors of Edmonds so has limited visibility other than her entry door and her sign. She also tracks how people hear about her business and finds that 50% of her customers discover her business via the signage, particularly the A-frame sign. She has been practicing in Edmonds since early 2008 and plans to stay in Edmonds. Edmonds has been great for businesses and has grown since 2008 due in part to the individuality of businesses and their ability to advertise and market themselves. She requested the Council reconsider the new sign code, commenting it has had a tremendous effect on her and other small businesses. Small businesses need exposure and require a variety of advertising and cannot rely on just social media or a newspaper advertisement. Small businesses need to avail themselves of whatever exposure is available; signage and A-frames are a great way.

7. STUDY ITEMS

1. PRESENTATION OF THE UTILITY RATE ANALYSIS

Public Works Director Phil Williams introduced Senior Utilities Engineer Mike DeLilla and Chris Gonzales, the FCS Group (the consultant that prepared the combined utility rate study), who were present to answer questions. He recalled the study report presented three years ago recommended adjusting utility rates for six years; the Council approved a package of adjustments for the first three years and staff promised to return at the end of the three years to discuss further adjustments to reach the goal of getting the utilities independent of the use of debt for the replacement of buried infrastructure. He explained the long-term replacement/rehabilitation of buried pipes is essentially a large maintenance project and the Council agreed three years ago when the increase in utility rates was approved to fund it via rate capital rather than borrowing. He reviewed information related to the sewer utility:

- Sewer Rates
 - Assume a monthly rate
 - Assume 1,000 cubic feet of water usage per month
 - Edmonds single family customers average in 2015 was about 760 cubic water/month so rates provided would be proportionately lower
 - Includes all applicable taxes
- Current Sewer Rates

Seattle	\$ 122.70
Kirkland	\$ 95.95
City of Arlington	\$ 70.15
Woodinville WD	\$ 69.18
Mukilteo W & S District Westside	\$ 64.12
City of Lake Forest Park	\$ 59.12
Alderwood Water & Wastewater	\$ 57.75
Redmond	\$ 56.18
Shoreline (via Ronald WWD)	\$ 53.50
Mountlake Terrace	\$ 48.00
Lynnwood	\$ 44.38
Everett	\$ 42.43
Edmonds	\$ 36.57
Olympic View W & S District	\$ 28.21
Average	\$ 60.59

- 2013 rate study assumed 9.5% rate adjustments each year until 2019
- 2016 rate recommendation consistent with 2013 staff presentation.

Mr. William displayed and reviewed a table illustrating rate revenues under existing rates, non-rate revenues, expenses, annual rate adjustment (9.5% in 2017, 2018 and 2019 and 4% in 2020, 2021 and

2022), rate revenue after rate increase and net cash flow after rate increase 2017-2022. He provided the following comparison:

- Edmonds Sewer Rate - 2019 (compared to current rates for other cities)

Seattle	\$ 122.70
Kirkland	\$ 95.95
City of Arlington	\$ 70.15
Woodinville WD	\$ 69.18
Mukilteo W & S District Westside	\$ 64.12
City of Lake Forest Park	\$ 59.12
Alderwood Water & Wastewater	\$ 57.75
Redmond	\$ 56.18
Shoreline (via Ronald WWD)	\$ 53.50
Edmonds	\$ 48.01
Mountlake Terrace	\$ 48.00
Lynnwood	\$ 44.38
Everett	\$ 42.43
Olympic View W & S District	\$ 28.21

- Edmonds sewer rates - 2019 (using 3%/year escalator for others)

Seattle	\$ 134.08
Kirkland	\$ 104.84
Arlington	\$ 76.65
Woodinville WD	\$ 75.59
Mukilteo W & S District Westside	\$ 70.07
Lake Forest Park	\$ 64.60
Alderwood Water & Wastewater	\$ 63.10
Redmond	\$ 61.39
Shoreline (via Ronald WWD)	\$ 58.46
Mountlake Terrace	\$ 52.45
Lynnwood	\$ 48.50
Edmonds	\$ 48.01
Everett	\$ 46.36
Olympic View W & S District	\$ 30.83

Mr. Williams reviewed information related to the stormwater utility:

- Stormwater Rates
 - Monthly rate vs. bi-monthly (billing rate)
 - Assumes 1 ERU (Equivalent Residential Unit)
 - Includes all applicable taxes
- Current Stormwater Rates

Seattle	\$ 32.50
Kirkland	\$ 18.14
Everett	\$ 17.44
Redmond	\$ 16.56
Lake Forest Park	\$ 16.00
Mukilteo	\$ 15.73
Edmonds	\$ 14.20
Shoreline	\$ 13.40
Lynnwood	\$ 11.56
Mountlake Terrace	\$ 11.45

Woodinville	\$ 7.26
Arlington	\$ 6.89
Average	\$15.09

- 2013 rate study assumed 4.5% rate adjustments each year
 - Stormwater Capital Program did not include pipe replacement at that time
- 2016 rate study assumes 10% rate adjustments each year (2017 to 2019)

He displayed and reviewed a table illustrating rate revenues under existing rates, non-rate revenues, expenses, annual rate adjustment 10% in 2017, 2018, 2019 and 2020, 7% in 2021 and 3% in 2022), rate revenue after rate increase and net cash flow after rate increases 2017-2022. He provided:

- Stormwater Rates – 2019 (using current rates for others)

Seattle	\$ 32.50
Edmonds	\$ 18.89
Kirkland	\$ 18.14
Everett	\$ 17.44
Redmond	\$ 16.56
Lake Forest Park	\$ 16.00
Mukilteo	\$ 15.73
Shoreline	\$ 13.40
Lynnwood	\$ 11.56
Mountlake Terrace	\$ 11.45
Woodinville	\$ 7.26
Arlington	\$ 6.89

- Stormwater Rates – 2019 (using 3% escalator for others)

Seattle	\$35.52
Kirkland	\$19.82
Everett	\$19.06
Edmonds	\$18.89
Redmond	\$18.10
Lake Forest Park	\$17.48
Mukilteo	\$17.19
Shoreline	\$14.64
Lynnwood	\$12.64
Mountlake Terrace	\$12.51
Woodinville	\$7.94
Arlington	\$7.53

Mr. William reviewed information related to the water utility:

- Water Rates
 - Monthly cost
 - Assume 1,000 cubic feet of usage per month
 - Includes all applicable taxes
- Current Water Rates

Shoreline	\$ 87.70
City of Lake Forest Park	\$ 87.70
Woodinville WD	\$ 73.69
Seattle	\$ 72.30
Kirkland	\$ 65.13
Arlington	\$ 52.73

Edmonds	\$ 52.51
Everett	\$ 42.49
Redmond	\$ 42.25
Olympic View W&S District	\$ 38.82
Mountlake Terrace	\$ 38.40
Alderwood Water & Wastewater	\$ 37.96
Mukilteo W & S District Westside	\$ 37.75
Lynnwood	\$ 34.75
Average	\$54.58

- Graph of Edmonds Water Consumption CCF 1988-2014, illustrating a 15% reduction in consumption which affects revenue
- 2013 Rate study assumed 9.0% rate adjustments each year until 2019
- 2016 Rate recommendation consistent with 2013 staff presentation.

He displayed and reviewed a table illustrating rate revenues under existing rates, non-rate revenues, expenses, annual rate adjustment 9% in 2017, 2018, 2019 and 4% in 2020, 2021 and 2022), rate revenues after rate increase and net cash flow after rate increases 2017-2022. He provided:

- Water Rates – 2019 (using current rates for others)

Shoreline	\$ 87.70
City of Lake Forest Park	\$ 87.70
Woodinville WD	\$ 73.69
Seattle	\$ 72.30
Edmonds	\$ 65.34
Kirkland	\$ 65.13
Arlington	\$ 52.73
Everett	\$ 42.49
Redmond	\$ 42.25
Olympic View W&S District	\$ 38.82
Mountlake Terrace	\$ 38.40
Alderwood Water & Wastewater	\$ 37.96
Mukilteo W & S District Westside	\$ 37.75
Lynnwood	\$ 34.75

- Water Rates – 2019 (using 3%/year escalator for others)

Shoreline	\$ 95.83
Lake Forest Park	\$ 95.83
Woodinville WD	\$ 80.52
Seattle	\$ 79.00
Kirkland	\$ 71.16
Edmonds	\$ 65.34
Arlington	\$ 57.62
Everett	\$ 46.43
Redmond	\$ 46.17
Olympic View W&S District	\$ 42.41
Mountlake Terrace	\$ 41.96
Alderwood Water & Wastewater	\$ 41.47
Mukilteo W & S District Westside	\$ 41.25
Lynnwood	\$ 37.97

Mr. Williams explained a lawsuit in Seattle related to the water utility charging customers on their water bill for maintenance of street lights ultimately resulted in a Washington State Supreme Court finding that streetlights are a general government expense and should not be collected from utility customers. That was subsequently expanded to include fire hydrants maintenance. This occurred in 2009 during the economic downturn and most cities raised the water utility tax to generate revenue for hydrant maintenance. Edmonds did that as well, raising the water utility tax from 10% to 18.7%. Two or three years ago the law was changed to authorize utilities to provide hydrant maintenance and he recommended reducing the water utility taxes over 5 years to where they were in 2009 so the effect on the General Fund was revenue neutral. He described the proposed reduction:

- Recommend Reducing Water Utility Tax Rate

Water Utility Tax Rate	
Year	Tax Rate
Current (2016)	18.70%
2017	17.07%
2018	15.50%
2019	14.05%
2020	12.68%
2021	10%

- Lowers the utility tax on Water Utility customers by \$5.72 per month by 2022
- Maintains a constant utility tax revenue source for the General Fund

Mr. Williams provided a Total Utility Bill Comparison:

City	Current	2109 projected at 3% for all cities except Edmonds. Edmonds project at recommended rates
Seattle	\$227.50	\$ 248.60
Kirkland	\$159.63	\$ 195.83
Lake Forest Park	\$162.82	\$ 177.92
Shoreline	\$154.60	\$ 168.93
Woodinville	\$150.13	\$ 164.05
Arlington	\$129.77	\$ 141.80
Edmonds		\$ 132.25
Mukilteo	\$117.60	\$ 128.50
Redmond	\$114.99	\$ 125.65
Edmonds	\$103.28	
Everett	\$102.36	\$ 111.85
Mountlake Terrace	\$ 97.85	\$ 106.92
Lynnwood	\$ 90.69	\$ 99.10

He summarized the recommendation:

- 9.5%/year increases (3 years) for Sewer
- 10%/year increases (3 years) for Storm
- 9.0%/year increase (3 years) for Water
- For the period of 2017 to 2019
- Capital Projects Covered
 - Annual Replacements for Water
 - Annual Replacements for Sewer
 - Begin Annual Replacement for Storm
- Low income discount

- Household income between 40,000 and 35,000 – 30% discount on water base rate, sewer rate and drainage rate
- Household income less than 30,000 – 50% reduction

Councilmember Buckshnis asked whether sewer and water were included in one bill. Mr. Williams answered yes. Councilmember Buckshnis suggested reducing the 10% increase in stormwater to 9.5% so it was consistent. Mr. Williams agreed that could be done; the proposal was 10% the first four years, 7% for two years or it could be 9.5% in the first few years and less in the subsequent years. The dollars collected in the early years are worth more than at the end due to 4% inflation which makes a striking difference in the purchasing power the rate dollars provide and result in approximately a \$5 million impact over 6 years. He offered to run the numbers and email them to Council.

Councilmember Buckshnis recommended holding a public hearing, recalling there was a lot of controversy three years ago about not borrowing for maintenance. Mr. Williams said funding pipe replacement via annually generated rates instead of debt will save the water and sewer utilities \$50 million through 2033.

Councilmember Teitzel thanked Mr. Williams for answering his questions via email. He applauded Edmonds residents for the great job they are doing on conservation, finding the 15% reduction in water consumption over 26 years remarkable, even though the population has increased over that time.

Councilmember Teitzel referred to a list of projects not covered which includes Lift Station #1 Rehab/Replacement, the lift station on Sunset. He recalled plans for rehabbing the lift station and stormwater system, repaving, and restriping at the same time. He was concerned funding to rehab the lift station would delay reconfiguration of the parking, restriping, etc. on Sunset. He asked how long it will take to fund that project. Mr. Williams responded he was unsure how long the entire capital restructuring of utilities on Sunset and Caspers will take because a great deal of work needs to be done but that does not preclude interim improvements. There currently is no funding in the budget for interim improvements on Sunset such as changing the geometry at 2nd & Caspers and the angle parking; it would be preferable to do that in a manner that was fairly inexpensive and temporary in nature because much of it will be torn up. Features that will not be torn up by utility improvements could be more permanent. He summarized staff is aware of the issue and is doing their best to address it.

Councilmember Teitzel said he was generally supportive of the proposed utility rate increases. He recognized it was not fun to invest in infrastructure but similar to a house, if regular maintenance is not done, deferred maintenance can cause bigger problems in the future. He summarized it was important to invest in the infrastructure replacement and bite the bullet on the increases.

Councilmember Tibbott concurred with Councilmembers with regard to funding maintenance from utility rates. With regard to stormwater, he understood the 10% increase would help pay for maintenance on the aging system but recognized there were also capital improvement needs. He asked whether the 10% increase was enough to fund a bond issue for larger improvements, noting requirements for improving the City's stormwater system are also increasing. Mr. Williams answered if the Council adopted the recommended rates, it would generate an additional \$1 million/year. If the Council chose, the City could borrow for a larger project and use some of the \$1 million for debt service and the remainder for annual projects.

Councilmember Tibbott asked if there would be enough for the current and future CIP projects. Mr. Williams answered CIP projects are primarily flooding, habitat restoration, etc. For the last several years, the CIP has assumed 75% grants could be obtained for those projects although that was not guaranteed. For example, he envisioned the Edmonds Marsh would be very successful at attracting capital partners.

Other projects will need to be fully funded by the City such as the \$1.5 million Dayton Street pump station which includes \$500,000 from rate capital, a loan from from Snohomish County for \$565,000 and staff has applied for a FEMA grant. Staff does everything possible to identify other funding sources but usually utility projects have a difficult time getting grant funds unless combined with something else like the marsh project.

Councilmember Nelson asked why Seattle was used as a comparable in view of the size and population of Seattle. Mr. Williams defended including Seattle, explaining it may not be appropriate to include Seattle on a salary survey, but with regard to water/sewer/stormwater, Seattle is the 800 lb. gorilla in the region and it is interesting to know their rates. Although Seattle is a big city, individual home owners pay that amount each month, no different than a homeowner in Edmonds, the size of the city does not really matter although he acknowledged Seattle residents' incomes are higher. He felt it worthwhile to have the biggest city in Washington as a comparison; other cities used in the comparison such as Arlington and Mukilteo are about half Edmonds' size. The comparison is just a sample of cities that responded to the City's request for their rate information.

Councilmember Nelson referred to the recommended 9.5% annual increase in sewer rates and asked if a residents' sewer bill would be 28.5% higher in 3 years. Mr. Williams answered it would increase from \$36.57 to \$48.01, approximately a \$12 increase over 3 years. Councilmember Nelson observed a residents' stormwater bill would increase 30% and the water would increase 27% in 3 years, significant increases percentage wise. He commented the significant increases are necessary to pay for annual upkeep of the system. Mr. Williams clarified the rate increase funds replacement. Councilmember Nelson asked how these percentages were developed. Mr. Williams described how the study considers the cost of basic maintenance, staff, equipment, growth assumptions, and capital projects as well as the revenue current rates generate to develop a percentage increase necessary to complete the CIP and keep up with operations and maintenance.

Councilmember Councilmember Nelson said if the City was going to ask taxpayers to pay more, it needed to be very clear why and what it is used for. Mr. Williams said the increase is primarily to reach the goal of being debt independent for pipe replacement and rehab. The utility needs to generate an additional \$3 million/year to avoid borrowing which saves the City \$50 million by 2033.

Council President Johnson agreed with the goal of being debt free and reaching a pay-as-you-go system as well as doing 1% replacement/year, remarking if the pipes last 100 years, the City will be on target. Mr. Williams commented some of the existing pipes are already 50-60 years old and may not be replaced for 50-60 years. He agreed it was similar to repainting the Golden Gate Bridge; workers start at one end and by the time they reach the other end, it is time to repaint again. The ductal iron pipe being installed is a great product and was likely to last 80+ years but cast iron was thought to be a great choice at the time and wood stave pipe with wire around it was thought to be a good choice prior to that. Technology changes and he was hopeful the pipes being installed would last longer than the pipes that were being replaced. Council President Johnson recalled a wooden pipe was found under Main Street. Mr. Williams agreed wooden pipes are often discovered. Council President Johnson observed the new camera system can identify where replacements need to be made. She asked staff to explain how a citizens could obtain the low income rate discount. Mr. Williams answered they can call the Finance Department and ask for the form. Applying is not complicated but the citizens must meet the criteria.

Council President Johnson referred to the request for public hearing, relaying the earliest that could be scheduled is November 1 and asked if that would be enough time for staff to prepare. Mr. Williams said another public hearing may be required to lower the utility tax rate.

Councilmember Fraley-Monillas questioned why the City did not bond if the pipes were in such disarray and replacement was such a slow process. Mr. Williams answered the City has bonded in the past, there were 3 major bond issues in the \$10-15 million range in recent years for utilities. If the City continued borrowing every 2 years with 20 year bonds, there would be 10 bond issues that the City was paying interest on by the time the first one was paid off. That pyramids into an incredible debt load on the utility, much of which is interest; the City is paying interest instead of using the money to invest in the system. The goal was to get away from that method.

Councilmember Fraley-Monillas said the alternative is citizens are paying for pipes that have been in place a long time. The recommendation is roughly a 28% increase each year over 3 years between sewer, water and stormwater. Mr. Williams said the recommendation would increase utility rates for a single family home from \$103.28 to \$132.25, an average of 9.2 - 9.3%/year for 3 years for the 3 utilities. Councilmember Fraley-Monillas expressed interest in a public hearing and having more time to review the matter. She was aware of many people who live very frugally and although there is a low income discount, this is an increase for ratepayers. Some people have a difficult time making ends meet and now the City is proposing an increase to pay for pipes installed 100 years ago. Mr. Williams understood this is a big increase; the Council made a courageous decision three years ago and the proposal is to make that decision again. Even if the Council chose to abandon the debt-free concept, increases of 12-15% would be necessary over that same period to keep up with inflation; it is not a choice between 28% and 0%, it is the difference between 28% and 12-15%. Councilmember Fraley-Monillas commented that is a lot for someone on a fixed income. Mr. Williams encouraged anyone on a fixed income that met the criteria to contact him and he will assist them with the process.

Councilmember Tibbott asked how maintenance was funded prior to the decision three years ago to become independent of debt. Mr. Williams responded the City was borrowing every two years to begin a pipe replacement program. Councilmember Tibbott observed three years ago the Council made a philosophical decision to go away from bonds to fund maintenance and transition to a rate system. At that time the Council could have adjusted rates 30-40% to accommodate that philosophical shift but instead chose to phase it in over 6 years. Mr. Williams agreed.

Councilmember Buckshnis suggested the presentation at the public hearing emphasize the reduction in ratepayers' financial burden by reducing the water utility tax.

Mayor Earling summarized staff will provide information to Councilmembers in response to their questions and a public hearing with a presentation will be scheduled in early November.

Mayor Earling declared a brief recess.

2. 2016 3RD QUARTER BUDGET AMENDMENT

Finance Director Scott James reviewed the 3rd quarter budget amendment:

- 17 decision package
- \$773,395 in revenues
- \$539,152 in expenditures
- \$234,243 increase in fund balance

He reviewed the decision packages:

- \$38,637 – Downtown restroom installation, plus expenditure of additional \$5,000 from grant awarded by the Hubbard Family Foundation
- \$46,400 - Additional funding to complete second phase of the Stormwater Code update

- \$5,000 – Construction of two office spaces within Finance Department using salary savings from not hiring the Assistant Finance Director as planned
- \$8,930 – Fund purchase of five additional licenses for LaserFiche web portal
- \$46,960 – Additional attorney services from Snohomish County Public Defender Association due to projected increase in caseload
- Move salaries from Non-Departmental to Police Department to reimburse retirement payout (self-funded)
- Increase budget to reflect reimbursement by Town of Woodway for investigation of Woodway case (self-funded)
- Increase budget to reflect higher than anticipated reimbursable overtime from special events (self-funded)
- Authorization to expend up to \$5000 in contributions to help underwrite a business attraction event (self-funded)
- Additional outside consultant plan review of building permits due to increased permitting activity. Funded via increased permit revenues (self-funded)
- \$500 – budget transfer for 1% for Arts for construction of Green Room
- Replace supplies lost in the City Park arson
- \$582,300 – Transfer from General Fund to Contingency Reserve as FD1 is in negotiations and have not adjusted their invoices to the City since 2014
- Multimodal Transportation Fund has long been inactive, recommend transfer funds to the General Fund
- City has no outstanding Local Improvement District (LID) bond debt so this fund is no longer needed. Recommend closing the fund and transferring the balance and all residual LID assessments to the Contingency Reserve Fund
- On-call professional stormwater engineering services during recruitment of new stormwater engineer. Offset by salary savings.
- Additional funds for the Lift Station #1 Metering and Flow Study

Mr. James summarized the 3rd quarter budget amendment:

- Revenues increased \$773,395
- Expenditures increased \$539,152
- Ending Fund Balance Increased \$234,243
- Council action: move to Consent Agenda on October 18, 2016 for approval

Councilmember Fraley-Monillas recalled the Multimodal Transportation Fund was not the City's money but was grant funds or funds that needed to be paid back. Mr. James said staff researched whether there were any restrictions and found none. The City is not reporting to any outside agencies and the City's financial statements (CAFR) do not identify these as restricted funds. Therefore, the funds are unrestricted and the fund can be closed and the money moved to the General Fund. Councilmember Fraley-Monillas asked where the money came from. Mr. James said when he first was hired in 1998 there were grant dollars, City funds and other funds over the course of many years. He was unsure whether the source of all the funds could be identified. Councilmember Fraley-Monillas encouraged him to be cautious, recalling multiple finance directors prior to Mr. James all said the money could not be moved because of the source. Mr. James said he asked staff who have been here a number of years and none suggested this was researched by a former finance director.

Councilmember Fraley-Monillas encouraged Mr. James to double-check. Mr. James reiterated staff researched and did not find any strings attached. He explained the Multimodal Fund has been in place for decades; it likely would cost more in staff time than the amount in the fund to identify the source of all the funds. No granting agencies have contacted the City and a lot of the requirements for those grants

have long been met. In conferring with Councilmember Buckshnis, Councilmember Fraley-Monillas said it was Stephen Clifton who indicated this was not transferable. Mr. James agreed to check with Mr. Clifton. He recommended the Council authorize the transfer and if an issue arises, he will return to Council. Councilmember Fraley-Monillas preferred he confer with Mr. Clifton before this item is approved.

Councilmember Fraley-Monillas referred to the retirement of a person in the Police Department and the 2016 baseline budget and asked if that amount was for one person. Mr. James answered that was for ordinance enforcement division. Councilmember Fraley-Monillas asked if that represented two FTEs. Mr. James said it was at least three and included animal control and parking enforcement. Councilmember Fraley-Monillas observed \$24,599 in wages was the amount spent in 2016 through the 3rd quarter. Mr. James explained labor agreements require the City pay out unused vacation and sick leave; this represents those required payouts to a retiring employee. Councilmember Fraley-Monillas asked if the \$24,599 in wages in 2016 was for one employee or more. Mr. James answered it represents the payout to this employee. Councilmember Fraley-Monillas asked what the total salary payout of \$32,662 represented. Mr. James advised that was the total transfer from Non-Departmental to Police Department to reimburse the Police Department for the payout. When the Police Department develops their budget, salaries do not include retirement payouts. The \$32,662 retirement payout includes wages, comp time and benefits. Councilmember Fraley-Monillas said she will call Mr. James tomorrow to further clarify. Mr. James assured these types of transfers are done every year.

Councilmember Buckshnis asked whether the Contingency Reserve Fund was fully funded. Mr. James answered the Contingency Reserve is mandated to be 8-16%; the balance is above 8% but below 16%. Councilmember Buckshnis asked how much the additional \$582,000 for FD1 increased the percentage. Mr. James explained with a \$40 million General Fund budget, 10% would be \$4 million; he recalled the Contingency Reserve was not quite 10%. An \$800,000 payment to FD1 is scheduled from the Contingency Reserve; since the General Fund is doing so well, those funds will not be transferred.

Councilmember Buckshnis agreed with setting aside \$582,000 for the future FD1 bill. She asked about the current payment. Mr. James explained the bill for 2016 is \$7.4 million. Councilmember Buckshnis asked how the \$582,000 was determined. Mr. James explained \$161,500 comes from unused 2015 FD1 budget, the estimate provided by FD1 and \$420,800 comes from the anticipated unused 2016 FD1 budget.

Councilmember Buckshnis thanked Mr. English for his response to her questions regarding the funds for additional stormwater engineering services after Jerry Shuster left and the additional funds for the stormwater code update. She offered to forward his response to Councilmembers.

Councilmember Teitzel referred to the payout for Officer Dawson, relaying his understanding that she returned part-time. He asked whether her salary and overhead was expressed in the 2016 budget and whether her employment would end in 2016 or extend into 2017. Mr. James said he did not know the term of her employment; he was aware she was working part-time but did not know if her salary was funded via salary savings. Councilmember Teitzel asked if hiring her part-time was addressed as a budget amendment. Mr. James answered no. Mayor Earling explained it was an administrative decision because no one was doing parking enforcement. She is now doing parking enforcement and has been actively engaged in the community.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

3. **PRESENTATION OF A SUPPLEMENTAL AGREEMENT WITH BERGER ABAM FOR THE FISHING PIER REHAB PROJECT**

City Engineer Rob English explained the \$13,600 supplemental covers, 1) the center pier concrete patch work that the contractor did that had issues passing the strength test to test the bond between the concrete patch and the existing pier. The contractor is in the process of determining a fix and staff recommends retaining Berger ABAM to provide their input once the contractor submits their proposal, and 2) to create record drawings to have on file for reference in the future. There is adequate management reserve to pay for this. There may be negotiations with the contractor about him paying for these additional services since it is in regard to work that probably wasn't done properly the first time. A second supplemental to a separate contract will be required in early November for additional strength testing once the contractor completes the rework.

Council President Johnson asked whether this postponed sealing of the cement and the reopening of the pier. Mr. English responded the pier is open. Sealing of the top surface occurred yesterday; the center repairs are on the underside of the deck.

Councilmember Tibbott asked if the part that was not done properly was the original construction 40 years ago or the recent work. Mr. English answered he was referring to the work the contractor did recently which included packing concrete in areas where rebar had been exposed and sealing it to prevent intrusion of air and water. When the quality control testing, a pull test, was done on those repairs, the bond between the contractor's repairs and the existing bridge deck were not adequate. The contractor has been made aware of the issues and staff is awaiting their proposal to fix it. Councilmember Tibbott asked whether that would be a cost to the City or paid from their contingency. Mr. English said staff's position is it should not be a cost to the City, but the contractor will provide a proposal. Councilmember Tibbott asked who does the testing. Mr. English answered it requires special equipment and is done by a consultant.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

4. **REPORT ON FINAL CONSTRUCTION COST FOR THE 2015 WATERLINE REPLACEMENT PROGRAM**

City Engineer Rob English reported the project awarded to D&G Construction in the amount of \$2,195,457 D&G Construction replaced 9,400 lineal feet of watermain. Three change orders resulted in an increase of \$60,917, well below the management reserve approved by Council of \$220,000. The project has been completed and staff recommends acceptance.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

5. **REPORT ON FINAL CONSTRUCTION COST FOR THE ADA CURB RAMP UPGRADES ALONG 3RD AVE**

City Engineer Rob English reported this project replaced ten pedestrian curb ramps, bringing them up to ADA. This project, funded by a Snohomish County Community Development Block Grant, was completed in 2015 but approval was delayed due to issues with the contractor providing certified payrolls. The final contract amount paid was \$67,756 which was under budget.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

6. **PRESENTATION OF AN ORDINANCE AMENDING ECC 8.64.68 - PARKING TIME LIMIT MODIFICATIONS ON MAIN ST. BETWEEN 3RD AVE AND 2ND AVE & 2ND AVE BETWEEN MAIN ST. AND BELL ST.**

City Engineer Rob English explained when the post office was located on Main Street, there was short-term 5-minute parking on Main and on 2nd. Now that the post office is located on 2nd, the recommendation is to convert those short-term parking spaces to 3-hour parking and create 2 short-term 5-minute parking stalls in front of the new post office.

Councilmember Teitzel said it felt like the number of parking stalls available for short term parking around post office had been reduced. He acknowledged there were parking spaces under the new building and there would be now be two on the street and asked if there had been a loss of parking. Mr. English answered the parking was difficult to replace in-kind due to the layout of curbs and several driveways along the frontage. Two good locations were identified for short-term parking but beyond that there is residential to the north and numerous driveways to the south. Councilmember Teitzel said the entry to the parking under the building is not well marked and suggested talking with the building owner about that.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

7. **PRESENTATION OF AN INTERLOCAL AGREEMENT WITH OLYMPIC VIEW WATER & SEWER DISTRICT TO FUND MINOR UTILITY RELOCATIONS FOR THE MADRONA ELEMENTARY WALKWAY PROJECT**

City Engineer Rob English advised this interlocal agreement is related to funding Olympic View Sewer & Water District (OVSWD) will provide for the City to relocate their sewer and water facilities when work is done on 236th Street later this month. That section of 236th Street is in OVSWD's district boundaries; their water and sewer facilities conflict with the installation of the new stormwater lines and may need to be relocated. This interlocal agreement is the mechanism for the City to be paid for that work.

It was the consensus of the Council to schedule approval on a future Consent Agenda.

7. **COUNCIL BOARDS AND COMMITTEE REPORTS**

Councilmember Nelson reported he attended the Snohomish County Tomorrow annual meeting with Councilmember Tibbott that included a presentation from the COOs of Community Transit and Sound Transit regarding the massive growth in traffic, congestion in the region particularly on I-5 and the phenomenal population growth particularly in last 3 years, faster than any time since the '60s. Their presentation addressed the challenges from a planning, growth management and infrastructure point of view. He was unable to attend the SERS meeting due to his child's illness.

Councilmember Fraley-Monillas reported the Health District is considering reorganization of the District and in compliance with the District's policies, have formed an Executive Committee, for which she is the vice chair, to flush out issues. She reported the Diversity Commission is hosting an Immigrant and Refugee Forum tomorrow at 6 p.m. in the Library Plaza Room.

Councilmember Buckshnis reported on the WRIA 8 meeting; there are millions available for salmon recovery in the state and federal budgets. The City's lobbyist has been provided with those amounts. She reported on a workshop she attended put on by a consulting firm from Denmark hired by the Washington State Senate that addressed the scale of timing and investment in flood reduction, stormwater, water quality and water supply. Their goal is to understand the economic consequences of investing and not investing in these water infrastructures and fish habitats across the state. Keely O'Connell, Mayor Earling, Mr. Williams and she prepared and submitted a project snapshot for the Edmonds Marsh Restoration Fish Passage and Flood Reduction Project.

Councilmember Buckshnis reported the Tree Board is hosting an Arbor Day Celebration on October 15 from 10 a.m. to 1 p.m. at 85th & Main. Parks Maintenance Manager Rich Lindsay developed a great planting plan and water and pizza will be provided.

Council President Johnson reported she has been participating in the Long Range Financial Planning led by Mr. James. She also attended the Friends of the Edmonds Library meeting; the Friends were in jeopardy of disbanding but people stepped up to fill the board seats. She also attended the Edmonds Center for the Arts Gala, the demonstration garden open house along with many other meetings.

Councilmember Teitzel reported the Port of Edmonds is doing well from a revenue standpoint but experienced approximately a 50% reductions in boat launch and fuel revenues in August and September due to the salmon fishing closure. The Port Commission has major concerns that the Waterfront Festival is becoming a miniature Taste of Edmonds with a beer garden, loud music and merchant booths and are working with the Noon Rotary to return the Waterfront Festival to a waterfront theme. The Port is working with the City to obtain a shoreline permit to redevelop a vacant gravel parking lot south of the boatyard. The Port recently completed their audit and had excellent results.

Councilmember Teitzel reported the Historic Preservation Commission was assessing the recently remodeled Campbell home at 3rd & Caspers for potential inclusion on the City's Historic Registry. He is participating in the long range financial planning, including meeting with several directors to discuss how they prioritize capital needs and how to prioritize across departments with the City not individual departments in mind.

Councilmember Teitzel encouraged the public to attend the final Civic Field open house on October 19 in the Library Plaza Room where the hybrid design will be presented. He recently accompanied the Stream Team doing water sampling.

Councilmember Tibbott reported the Economic Development Commission (EDC) provided a 14-point recommendation for Civic Park. The EDC looks for ways to attract economic activity; he encouraged Councilmembers to review their 14 recommendations.

Councilmember Tibbott reported he met the new director for the Affordable Housing Alliance and looked forward to the skill set he brings to the organization. He also met with the Edmonds Housing Task Force where he provided a summary report that Councilmember Teitzel and he received at a housing summit. The economy in the Puget Sound region is flourishing, adding 50,000 jobs annually, yet the University of Washington Runstad School reports the number of single family residences has not yet returned to 1990-2007 levels. There has actually been a 50% reduction in the production of new single family housing since that time; previously about 12,000 houses per year were constructed, now only 6,000/year are constructed which contributes to the cost of housing. From a mortgage/banking perspective, one of the greatest challenges potential homeowners face is the down payment which continues to accelerate. Currently in Seattle about \$82,000 is required for a down payment on a medium priced home and that is expected to increase to as much as \$270,000. Dramatic increases in the cost of housing are occurring at the same time the number of homes produced is not increasing. There are a variety of challenges facing Edmonds with regard to the housing crisis and some are related to policies and decisions the Council makes. He encouraged anyone interested in joining the Task Force to contact him or Councilmember Fraley-Monillas.

8. MAYOR'S COMMENTS

Mayor Earling reported the crane in front of City Hall today delivered the new public restroom to the site. It was fascinating to watch the workers match up the pipes in the ground to the building. It will be another week or so before everything is hooked up and the fixtures are in place.

With regard to public comment last week about replacement of streetlights, Mayor Earling reported he had a very successful meeting with PUD today; another meeting is scheduled next Tuesday and he was hopeful the community's concerns could be assuaged. He referred to an email from Farrell Fleming that in excess of \$2 million for the senior/community center is included in the capital budget proposed by the Governor. That is an important first step but it must now go through the legislature.

9. **COUNCIL COMMENTS**

Councilmember Teitzel reported he has had several meetings with downtown business owners about the sign code and was convinced there is an issue that needs to be addressed in the short term and businesses will suffer unless something is done with the sign code. The long term answer is some type of wayfinding signage, but because there are no immediate plans for that, he urged the Council to seriously consider the business owners' comments. He wanted downtown Edmonds to be known as a business friendly area and recommended working with the businesses. He looked forward to hearing Councilmembers thoughts.

Councilmember Teitzel reported he met with the President and Vice President of the Museum Board who reminded of the annual Heritage Days Benefit on November 5 at 6 p.m. at the Holy Rosary Pastoral Center. Tickets are available at www.historicedmonds.org. He thanked the Huskies for softening up the Stanford Cardinals for WSU last weekend.

Council President Johnson said tickets for the Heritage Days Benefit can also be purchased at the Edmonds Historic Museum. She reminded the Civic Field open house previously scheduled for October 12 has been rescheduled to October 19. She reported the Edmonds Downtown Alliance's presentation of their annual work plan is scheduled on November 7 which may be a great time to have a further discussion regarding signage.

Councilmember Buckshnis thanked the citizens and business owners who have contacted the Council. She corrected misinformation; there is no ban on any type of signs. Everyone wants to support businesses but she reminded there has been a three-year process that included public testimony, public hearings, and consideration by the Planning Board, Staff and Council. Many people were involved in that process and there are plans to address the issue but it will not be a knee jerk reaction.

Councilmember Fraley-Monillas reported she attended the demo garden at the fish hatchery on Saturday that included the backyard habitat group, the marsh groups, the frog lady, etc. She found it a fun, educational opportunity to see behind the scenes.

Councilmember Nelson referred to the testimony from downtown business owners regarding the challenges they face as a result of the sign code. At the time the update was passed, the Council indicated it would be reviewed within a year but it is clear that review needs to happen sooner rather than later particularly when businesses' finances are at stake. He plans to submit a resolution suspending the sign code update for up to 90 days while the Council works with citizens and businesses to find ways to better implement the sign code update. He requested the resolution be scheduled on a future agenda, either November 7th or sooner.

Mayor Earling invited Councilmembers to pick up a budget book as they leave the meeting.

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

This item was not needed.

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

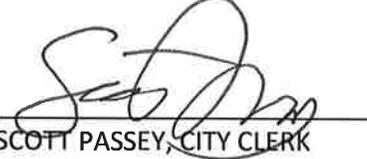
This item was not needed.

12. ADJOURN

With no further business, the Council meeting was adjourned at 9:44 p.m.



DAVID O. EARLING, MAYOR



SCOTT PASSEY, CITY CLERK

