

CITY OF ISSAQUAH
City Council Regular Meeting

7:00 PM
 July 17, 2017

Council Chambers
 135 E. Sunset Way

MINUTES

COUNCIL AND ADMINISTRATIVE PERSONNEL PRESENT

Councilmembers:

Eileen Barber
 Mariah Bettise
 Stacy Goodman
 Tola Marts
 Mary Lou Pauly
 Bill Ramos
 Paul Winterstein

Administration/Staff:

Fred Butler, Mayor
 Bob Harrison, City Administrator
 Jim Haney, City Attorney
 Tisha Gieser, Deputy City Clerk

CALL TO ORDER

Mayor Butler called the meeting to order at 7:00 PM.

PLEDGE OF ALLEGIANCE

Mayor Butler led the Pledge of Allegiance.

AUDIENCE COMMENTS

The following public comments were provided:

- Liz Tidyman, 515 Newport Way NW, spoke regarding an event at the Library on July 29 related to family caregivers and state law related to continuing care retiring communities (handout provided).
- Ken Esemann, 2473 NW Stony Creek Dr., thanked the Council for proceeding with restoration of the Shangri-la Way NW/NW Talus Dr intersection (AB 7434) and for not approving the Bergsma Development Agreement (AB 7110).
- Justin Walsh, 2196 Shy Bear Way, spoke regarding the Transportation Benefit District proposal (AB 7250).
- Mary Lynch, 2690 NW Oakcrest Dr., spoke regarding mitigation fees and the need to recover more costs.

COMMITTEE / REGIONAL REPORTS

Councilmember Bettise:

- Sound Cities Association Public Issues Committee – Summarized the previous meeting.

Councilmember Ramos:

- Infrastructure Committee – The next meeting will be held July 20, 2017.
- Regional Transit Committee – Summarized the previous meeting.
- Association of Washington Cities Annual Business Meeting – Served as the City's voting representative.
- Emergency Management Advisory Council – Summarized the previous meeting.
- Eastside Fire & Rescue Board – Summarized the previous meeting.

Councilmember Winterstein:

- Puget Sound Regional Council (PSRC) Growth Management Policy Board – Summarized the previous meeting.

Councilmember Tola Marts:

- Services & Safety Committee – The next meeting will be held Aug. 8, 2017.
- King County Growth Management Planning Council – The next meeting will be held Sept. 27, 2017.

Councilmember Barber:

- Water Resource Inventory Area 8 (WRIA8) Salmon Recovery Council – The next meeting will be held July 20, 2017.

Deputy Council President Pauly:

- Eastside Fire & Rescue (EFR) Finance & Administrative Committee – The next meeting will be held July 26, 2017.

Council President Goodman:

- Land & Shore Committee – Summarized the previous meeting. The July 18 special meeting has been cancelled. The next meeting will be held Aug. 3, 2017.

MAYOR'S REPORT

- a) Longtime community member Dorothy Knitter passed away on July 6 at the age of 92. She dedicated thousands of volunteer hours serving our community. She also helped create the Issaquah Farmers Market, and run Salmon Days for many years. She was inducted into our Hall of Fame in 1995, and was recognized as Volunteer of the Year in 1991.
- b) Attended the July 13 PRSC Transportation Policy Board meeting, where a financial strategy for the Transportation 2040 Update was approved.
- c) Chaired the July 13 Sound Transit Capital Committee meeting, where action items related to East Link, I-405 BRT and the Lynnwood Link extension were approved.

CONSENT CALENDAR

Items listed were distributed to Councilmembers in advance for study and were enacted with one motion.

IT WAS MOVED BY GOODMAN, SECONDED BY PAULY; MOTION CARRIED (7-0), TO APPROVE THE CONSENT AGENDA AS PRESENTED.

- a) Accounts: Payables and Payroll, July 17, 2017; **Approved \$ 3,794,945.07.**

ACCOUNTS PAYABLE	CHECKNUMBERS	AMOUNT
Accounts Payable Checks Replacement Check	168878 to 168879	13,786.50
Accounts Payable Checks	168880 to 168899	219,698.69
Accounts Payable Checks	168900 to 169135	1,994,639.64
Accounts Payable Check Voided	167600 to 167600	(786.50)
Accounts Payable Check Voided	168417 to 168417	(14,000.00)
Municipal Court Checks	4576 to 4591	44,064.11
		\$ 2,257,402.44

PAYROLL	CHECK NUMBERS			AMOUNT
Payroll Checks	1452	to	1504	38,513.60
Direct Deposits	85012	to	85313	596,976.67
Payroll Wire Transfer Checks	85314	to	85319	777,865.62
				1,413,355.89
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ACH Transactions				\$ 124,186.74

- b) Minutes: City Council Special Meeting, June 9, 2017; **Approved.**
- c) Minutes: City Council Special Meeting, June 10, 2017; **Approved.**
- d) Minutes: City Council Special Meeting, July 6, 2017; **Approved.**
- e) AB 7112 - LED Street Lights, Department of Commerce Grant; **Authorized acceptance of the Dept. of Commerce 2017 Energy Efficiency Grant award of \$143,841 for the Street Light LED Conversion project and execution of the related inter-agency agreement and contracts.**
- f) AB 7128 - Wildwood Reservoir Rehabilitation; **Accepted the completion of the Wildwood Reservoir Rehabilitation Project and authorized the release of the retainage bond.**
- g) AB 7133 - 2016 Water Main Rehabilitation Project; **Accepted the completion of the 2016 Water Main Rehabilitation Project and authorized the release of the retainage bond.**
- h) AB 7250 - Transportation Benefit District; **Referred AB 7250 to the July 20, 2017 Council Infrastructure Committee for further review and recommendation, returning to the full Council on Aug. 7, 2017.**
- i) AB 7455 - Human Services Commission Mid-term Appointments; **Appointed alternate member, Vanessa Mousavizadeh, to fill the vacant Regular position, term expiring 2019; and, move Senthil Chandran to fill the unexpired Alternate position, term expiring 2019.**
- j) AB 7456 - Additional 2017 Staffing Request; **Referred AB 7456 to the Aug. 8, 2017 Council Services & Safety Committee for review and recommendation, returning to the full Council on Sept. 5, 2017.**

PUBLIC HEARING

- a) AB 7313 - Capital Improvement Plan, including Transportation, 2018-2022

Introduced by Mayor Butler and presented by Jennifer Olson, Finance Director.

Mayor Butler opened the public hearing at 7:38 p.m.

The following individuals recommended certain projects and priorities be reflected in the CIP:

- Connie Marsh, Squak Mountain, also suggested more public input.
- Mary Lynch, 2690 NW Oakcrest Dr., also suggested more public and Council input.
- Justin Walsh, 2196 Shy Bear Way

Following Council discussion,

IT WAS MOVED BY GOODMAN, SECONDED BY PAULY, TO:

Continue the public hearing to Sept. 5, 2017; and refer AB 7313 to the Aug. 14, 2017 Council Committee Work Session for additional review and recommendation, returning to the full Council on Sept. 5, 2017.

MOTION CARRIED, 7-0.

- b) AB 7433 - Annexation of King County Island and Establishment of Pre-Annexation Zoning (Zoning Element is QUASI-JUDICIAL)

Introduced by Mayor Butler and presented by Trish Heinonen, Policy Planning Manager.

Mayor Butler opened the public hearing at 8:05 p.m.

The following individuals provided comments:

- Connie Marsh, Squak Mountain, recommended all zoning be Community Facilities – Open Space except for the area proposed as Intensive Commercial and provisions for a water reservoir.
- Steve Pereira NW Dogwood St., encouraged better communication with the community on this proposal and a comprehensive look at the City's zoning policy.

The following individuals encouraged development of an elementary school and corresponding CF-F zoning on the northeastern area of the island:

- Steve Crawford and Ron Thiele, representing the Issaquah School District
- Lisa Callan, member of the Issaquah School Board

The following individuals expressed concerns with the proposed location of the elementary school:

- Susan Neville, 2825 NW Pinecone Dr.
- Matthew Miner, 1095 NE Park Dr.
- Mary Lynch, 2690 NW Oakcrest Dr.
- Jim Corey, 838 4th Ave. NE

Mayor Butler closed the public hearing at 8:33 p.m.

Following Council discussion,

IT WAS MOVED BY WINTERSTEIN, SECONDED BY GOODMAN, TO:

Direct the Administration to prepare an ordinance establishing annexation of the King County Island and pre-annexation zoning consisting of a mixture of Intensive Commercial (IC), Community Facilities - Open Space (CF-OS), and Community Facilities - Facilities (CF-F) zoning as presented in Exhibit D for consideration at the Sept. 5, 2017 Regular Council meeting following the scheduled public hearing.

IT WAS MOVED BY PAULY, SECONDED BY RAMOS, TO:

Amend the motion to remove any reference to Community Facilities - Facilities (CF-F) zoning.

It was clarified that this amendment would leave those areas currently proposed CF-F blank in the proposed ordinance.

MOTION CARRIED, 4-3. (*Dissenting: Barber, Bettise, Marts.*)

MOTION CARRIED AS AMENDED, 7-0.

- c) AB 7442 - Annexation of Bellevue Utility Island and Establishment of Pre-Annexation Zoning (Zoning Element is QUASI-JUDICIAL)

Introduced by Mayor Butler and presented by Trish Heinonen, Planning Policy Manager.

Mayor Butler opened the public hearing at 9:14 p.m.

No public comments were provided.

Mayor Butler closed the public hearing at 9:15 p.m.

Following Council discussion,

IT WAS MOVED BY PAULY, SECONDED BY WINTERSTEIN, TO:

Direct the Administration to prepare an ordinance establishing annexation of the Bellevue Utility Island and pre-annexation zoning consisting of Community Facilities - Facilities (CF-F) for consideration at the Sept. 5, 2017 Regular Council meeting following the scheduled public hearing.

MOTION CARRIED, 7-0.

REGULAR BUSINESS

- a) AB 7345 - Amending Parking Requirements in the Central Issaquah Development and Design Standards

Introduced by Mayor Butler and presented by Lucy Sloman, Land Development Manager and Chris Breiland of Fehr & Peers Transportation Consultants. Following Council discussion,

IT WAS MOVED BY GOODMAN, SECONDED BY PAULY, TO:

Adopt Ordinance No. _____, adopting by reference amendments to the Central Issaquah Development and Design Standards including clarifying the administrative adjustment of standards; the definition of parking structure and carport; and requiring structured parking for new residential uses, office uses above 5,000 gross square feet and retail uses above 25,000 gross square feet.

Councilmember Goodman requested the motion be withdrawn. The request was granted.

IT WAS MOVED BY GOODMAN, SECONDED BY PAULY, TO:

Schedule a public hearing for Sept. 5, 2017 in order to consider the recommendation of the Land & Shore Committee to require that retail uses above 25,000 square feet provide 50% of its parking as structured parking.

IT WAS MOVED BY GOODMAN, SECONDED BY WINTERSTEIN, TO:

Amend the date of the public hearing to Aug. 7, 2017.

AMENDMENT CARRIED, 7-0.

MOTION CARRIED AS AMENDED, 7-0.

b) AB 7407 - Citizen Survey Results

Deputy City Administrator Emily Moon gave a presentation summarizing the survey results.

GOOD OF THE ORDER – None.

EXECUTIVE SESSION – None.

ADJOURNMENT

There being no further business to come before the Council, the meeting was adjourned at 10:40 PM.

Tisha Gieser, Deputy City Clerk

Fred Butler, Mayor



**CITY COUNCIL
AGENDA BILL**
City Council Regular Meeting - 07 Aug 2017

UPDATED
AB 7250 -
Consent
Calendar

Transportation Benefit District

Proposed Council Action:
Refer to Council Infrastructure Committee

DEPARTMENT OF	Executive Department, Fred Butler
COUNCIL COMMITTEE LIAISON	Councilmember Goodman
OTHER COUNCIL MEETINGS	July 6, 2017; July 17, 2017
EXHIBITS	A. Finance Director Memo B. Department of Revenue, Local Tax Reference Excerpt C. RCW 36.73 D. King County Jurisdiction List E. July 10 Work Session Presentation F. Full List of City/Town TBDs

POLICY & BUDGET INFO		Expenditure Required
Comp Plan Policy Nos.	n/a	\$ n/a
Consistent:	n/a	Amount Budgeted
Other Policies	n/a	\$ n/a

SUMMARY STATEMENT

This agenda bill is to consider establishing a Transportation Benefit District (Sales Tax) as a new source of funding to cover transportation related capital investments as recently identified by the Ad-Hoc Long Term Financial Committee (Exhibit A).

Overview

State law provides cities legislative authority to establish a transportation benefit district (TBD)--a quasi municipal corporation and independent taxing district that can raise revenue for specific transportation projects. This is typically done through sales taxes (Exhibit B) or vehicle license fees, however, other funding sources may be utilized, such as:

- | General obligation bonds
- | Impact fees
- | Vehicle tolls
- | Excess property taxes
- | Local improvement districts

According to Municipal Research Services Center (MRSC), there are about 100 cities and towns that have formed TBDs, of which about half have assumed the TBD's rights, powers, functions, and obligations under RCW 36.73 (Exhibit C). Within King County there are 11 of 17 jurisdictions that have assumed power (Exhibit D).

Formation

Prior to establishing a TBD by ordinance, the City Council must conduct a public hearing. The public hearing notice shall describe the functions and purposes of the proposed Transportation Benefit District, and proposed establishment in accordance with RCW 36.73.050.

The establishing ordinance must specify the boundaries of the district--which may include all or part of the city-- and the transportation improvements that will be funded. The boundaries and functions of the TBD may not be changed without further public hearings.

In addition, RCW 36.73.020 allows for participation by other jurisdictions within a TBD, with the adoption of an interlocal agreement.

Next Steps

It is recommended that this agenda bill be referred to the Council Committee Work Session for review and to better understand the other components of TBDs, e.g. material change polices, budgeting, annual reporting and dissolution.

The July 10, 2017 work session will include a presentation provided by bond counsel representative, Alice Ostdiek.

Consistency With Comprehensive Plan:

n/a

Administration's Recommendation:

Provide direction to the Administration on further consideration and creation of a Transportation Benefit District to fund Transportation projects.

Update:

July 10, 2017 Council Work Session

Council received an informational presentation (Exhibit E) from bond counsel representative, Alice Ostdiek at the July Work Session. It was recommended this item be referred to Council Infrastructure Committee for further review and recommendation. A full list of City/Town TBDs is attached (Exhibit F).

July 20, 2017 Council Infrastructure Committee

The Committee posed various questions about TBDs, which require staff follow-up at the August Council Infrastructure Committee meeting. The Committee requested that the bill be held in committee for continued discussion.

Alternative(s):

- 1) ~~Refer to Council Infrastructure Committee for further review and recommendation.~~
- 2) Direct Administration to schedule a public hearing and prepare ordinance for consideration.
- 3) Receive the report and take no further action at this time.

RECOMMENDATION

Council Infrastructure Committee / Bill Ramos, Chair:

MOVE TO:

~~Refer AB 7250 to the July 10, 2017 Council Committee Work Session for review and recommendation, returning to the full Council on Aug. 7, 2017.~~

~~MOVE TO: Refer AB 7250 to the July 20, 2017 Council Infrastructure Committee for further review and recommendation, returning to the full Council on Aug. 7, 2017.~~

MOVE TO: Refer AB 7250 back to the Council Infrastructure Committee for further review and recommendation, with an anticipated return to the full Council on or before December 4, 2017.



June 28, 2017

To: City Council

Cc: Fred Butler, Mayor
Bob Harrison, City Administrator
Emily Moon, Deputy City Administrator

From: Jen Olson, Finance Director *JLO*

The Ad Hoc Long-term Financial Committee met on two occasions, May 11 and June 6, 2017 to discuss the following items. After each item, the Administration has identified a next step, if applicable:

Fiscal and Forecasting Resource Book

A new resource tool developed and discussed at the June 10th Council Retreat. The purpose of the book is to be used as a fiscal resource guide that includes a Financial Health Assessment report, Five-year Financial Model base scenario, current funding sources - with historical and forecasted revenues and alternate revenue source options.

The committee discussed and reviewed historical revenue data and new revenue options that are allowed under Washington State Law.

Next Step: City Council to discuss five-year financial model base scenario and alternate scenarios in preparation for 2018 budget development during upcoming Council Work sessions

Funding Accounting Changes

After a review of the city fund structure and chart accounts, new funds will be created and approximately twelve funds will be eliminated to better align our financial information and reporting with best practices and State Auditor Office BARS manual and GAAP

Next Step: City Council to consider a "housekeeping" budget amendment that does not require a public hearing as there is no overall impact to revenues, expenditures and ending fund balance.

Municipal Capital Facilities

Reviewed opportunity for acquiring property for future municipal facilities

Next Step: None. Information only.

Multi-Family Tax Exemption (MFTE) Overview

Reviewed the MFTE program as an opportunity to address affordable housing initiative

Next Step: City Council to consider MFTE program during future Moratorium related agenda items

Proposed Capital Improvement Plan for 2018-2022

The City Council is in the process of deliberating the proposed biennial capital budget commonly referred to as the CIP. There are a significant number of proposed projects, including the Providence Point Intersection improvements, that are unfunded and require debt funding with an alternative source of new revenue to cover the debt service obligation. The administration provided a potential debt funding strategy and example of debt service obligations. For unfunded transportation related projects, a new source of funding was identified as a means to support the issuance of councilmanic debt

Next Steps:

- 1) City Council to consider placement of the Providence Point Intersection Improvement project within the 2018-2022 CIP during the upcoming July 10 Council Work session;*
- 2) City Council to consider debt funding strategy for unfunded capital projects;*
- 3) City Council to consider establishing Transportation Benefit District (Sales Tax) as a new source of funding to cover transportation related capital investments.*

Local Sales & Use Tax Components

Component Name: Transportation Benefit District (TBD)
Revised Code of WA (RCW): 82.14.0455
Date Legislation Enacted: 2005
Date Last Modified: 2010
Statutory Expiration Date: None. The tax may not be imposed for a period exceeding 10 years without an additional vote of the people; unless:

- The tax was imposed after July 1, 2010, and
- It is dedicated for the repayment of bond indebtedness

Imposed by: Voter Approval

Description

- A TBD may levy a sales and use tax to fund transportation improvements (RCW 36.73)

Taxing Authorities

- TBDs (RCW 36.73)

Tax Base

- This tax applies to retail sales taxable activity under RCW 82.08 and 82.12

Tax Rate

- Up to 0.002

Fiscal Year Cap

- Not Applicable

Administration Fee

- Statutorily up to 2%
- As of October 1, 2012 set by contract agreement with each entity
 - Administration fee is 1%

Distribution

- Taxing authority receives 100%

Line Code(s)

- Sales Tax = 137
- Use Tax = 138

Use of funds

- For costs associated with transportation improvements as outlined in RCW 36.73.020

Other Rules

- RCW 36.73.170 also provides that the taxes imposed will cease when financing or debt service is completed and paid and notice sent to the Department