

REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES

October 30, 2008

The regular meeting of the Des Moines City Council was called to order at 7:33 p.m. by Mayor Sheckler in the Council Chamber, 21630 11th Avenue South, #B.

PLEDGE OF ALLEGIANCE to the flag was led by Councilmember White.

ROLL CALL – Present: Mayor Bob Sheckler, Mayor Pro Tem Dan Sherman, Councilmembers Dave Kaplan, Ed Pina, Carmen Scott, and Susan White. Also in attendance were City Manager Tony Piasecki, Assistant City Manager Lorri Ericson, City Attorney Pat Bosmans, Finance Director Paula Henderson, Planning Building and Public Works (PBPW) Director Grant Fredricks, Land Use Planner II Jason Sullivan, and Clerk Autumn Lingle.

COMMENTS FROM THE PUBLIC:

Leslie Newman, 21001 3rd Avenue South, Des Moines, WA 98198

Ms. Newman opposes having a jail facility in the City of Des Moines. She stated it would cause home values to drop and crime to increase. She does support economic development for the City. In addition, she favors bringing the water mains and water lines up to code and she supports Water District 54 enfold into the City. Upon questioning by the Mayor, she stated she does not have statistics supporting her statements about the negative impacts of having a jail but will gather that information. The Mayor then noted that these facilities are great economic generators. Locally, the Kent Regional Justice Center provides employment and generates revenue for the City of Kent. Ms. Newman stated the evolution of Kent involved more than just the Regional Justice Center. It includes Kent Station, Kent Community Center and the Thunderbirds Soccer facility. She would consider supporting a jail facility if it was in tandem with development of facilities similar to those in Kent.

Florence McMullin, 1018 S. 246th Pl, Des Moines, WA 98198

Ms. McMullin stated that organizing opposition to a jail facility is premature. No plans have been submitted and no decision has been made. The budget is currently a priority.

Katherine Kertzman, Program Director of Seattle Southside, 14220 Interurban Avenue, #130, Tukwila, WA 98168

She supports the Partnership with the City and notes some of the successes include The Little Peoples Conference, Strongman Competition and Tall Ships Festival. Councilmember White complimented Ms. Kertzman for her hard work on behalf of South King County and the City of Des Moines. Ms. Kertzman stated the governor recognized her success and appointed her to serve on the tourism commission. She distributed the annual report of Seattle Southside to the Council.

BOARD & COMMITTEE REPORTS & COUNCILMEMBER COMMENTS

Budget Meetings, Farmers Market and Des Moines 2009 Calendars

Councilmember Scott noted it was the Council's 7th or 8th meeting this month. They are working on a very difficult budget and are making progress. The Farmers Market has ended the season

with great success. The Des Moines Calendars are available for \$5.00 at the Field House, the Senior Center, City Hall, Des Moines Drug and Marine View Florist.

Jail Facility

Councilmember Thomasson stated the City is not looking for a jail facility as part of its economic development plan. It is considering a jail because King County has advised the City their prisoners need to be moved from King County's jail facility. South King County Cities are coming together to determine if they can build a jail facility together for their requirements. He referred to the City Manager for further explanation.

City Manager Piasecki noted the cities of Renton, Des Moines, Tukwila, Federal Way and Auburn have joined together to decide on a solution for jails. The individuals that will be housed in these jails will be misdemeanor violators. They have been either sentenced by the City's judge to jail time or arrested by the City's police department and held until they appear before a judge. Currently when an arrest occurs and they require placement in a jail, Monday through Friday from 8 a.m. to 5 p.m. they are placed in the Kent Regional Justice Center. The King County budget cuts eliminated all other hours for booking and holding alleged offenders. If an individual requires incarceration, the City transports them to the King County downtown jail, Renton, Fife, Issaquah or Enumclaw facilities. A closer jail would be more convenient to house these individuals and officers could then return to their jobs more quickly. Jail costs are increasing. The City has approximately \$700,000. - \$800,000. in the yearly budget for jail. Yakima has notified the City that we can use their facility until 2010. They are willing to allow use after that under different terms, which are probably more expensive. The preliminary numbers for the facility the City is interested in building will be 30-35% below the cost the City will pay King County in the future. The intention on the final draft is to have Council review it before the end of the year. The final decision on a site will be done around the end of the year. The location currently considered for Des Moines will require Council to rezone the property or grant an unclassified use permit. It will be presented to Council at least twice for an open public meeting review.

Councilmember White queried about the prospective jail site.

City Manager Piasecki stated he is having maps and photographs generated that will exhibit exactly where the site is being considered and what steps are being implemented to minimize impact on the community. The City is regarding Port of Seattle property that is in the north central part of the City, near the 509 right-of-way. An invitation to the community to participate in a formal commenting group that will review what is being done; provide advice, thoughts and ideas on the impact this facility will have on the community.

Mount Rainier Pool

Councilmember White noted that the pool would be kept open for the next year, while seeking other means of funding.

Municipal Facilities Committee

Mayor Pro Tem Sherman stated historical buildings and the dining hall floor plan were discussed. The CIP was reviewed as it relates to the Parks Department.

Association of Washington Cities Regional Meeting

Mayor Pro Tem Sherman noted the annual meeting deliberated on specific issues that members prefer the AWC focus on at the next legislative session (primarily funding) and discussing the possibility of other uses for Real Estate Excise Taxes. The taping of executive sessions, clarifying medical costs for individuals under jurisdiction and streamlined sales tax were debated. Councilmember Kaplan queried did the issue of the State putting unfunded mandates on the Cities arise. Mayor Pro Tem Sherman stated it was reviewed.

City Manager stated the only unfunded mandate discussed was the standard King County has for filing felonies.

Mayor Pro Tem Sherman noted King County is proposing a utility tax on unincorporated areas.

ADMINISTRATION REPORTS

City Manager Piasecki advised Council that an amended copy of the Interlocal Agreement for Tourism and Marketing Services has been given to each Councilmember. It changes the name from Seattle Southside to the City of Tukwila and on the back page changing Mayor to City Manager and adding contact information for Katherine Kertzman.

CONSENT CALENDAR was read by Clerk Lingle

1. Motion is to approve the special and regular minutes of October 9, 2008.
2. Motion is to approve the surplus and disposal of four Police vehicles VIN Numbers 2FAFP71W7YX141281, 2FAFP71W7YX1X145055, 2FAFP71W7YX141278 and 2FAHP71WX4X147014 and one Engineering vehicle VIN Number 1FALP52U8SG259065 and authorize disposing of by auction or sale.
3. Motion is to approve the Interlocal Agreement between the City of Des Moines and the City of Tukwila for the provision of professional tourism and marketing services administered by the City of Tukwila under the program name Seattle Southside Visitor Services and authorize the City Manager to sign the agreement substantially in the form as submitted.

MOTION was made by Councilmember Pina, seconded by Mayor Pro Tem Sherman, to approve the Consent Calendar as read.

VOTE ON MOTION: Motion passed unanimously.

Mayor Pro Tem Sherman complimented Katherine Kertzman on her performance on behalf of the City.

OLD BUSINESS

Agenda Revision

Mayor Sheckler suggested if there were no objection, he would take Old Business Item #3 first. There were no objections.

Draft Ordinance No. 08-163 Regarding Multi-family Tax Exemption

Land Use Planner II Jason Sullivan addressed the three questions posed by Council on October 9, 2008 meeting to Staff. The changes are as follows:

- I. Remove section 3, making the ordinance specific only to Pacific Ridge.
- II. Delete the word rehabilitation making the ordinance new construction only

- III. Add guidelines requiring that the tax exemption does not create a significant tax burden on the City along with a requirement that the property is developed in a manner that increases or preserves property valuation and represents an increased investment in the over-all property values in the area and an additional submittal which requires the developer to provide a summary illustrating the financial impacts that would occur if the City granted the tax exemption for a specific project or building.

Mayor Pro Tem Sherman queried when is the Appearance of Fairness Doctrine triggered. City Attorney Pat Bosmans stated in regard to Quasi Judicial matters it is triggered at the time that the application is applied for and the matter is coming before the Council.

Councilmember Scott queried about the number of units. Land Use Planner Sullivan responded the State law allows the City to set a minimum requirement as long as it's above 4.

City Manager Piasecki referred to page 2 of the ordinance clarifying the numbers on that page were just an example, not a recommendation by Staff.

Mayor Pro Tem Sherman queried about impacts on the City's expenditures. Land Use Planner Sullivan responded that is why it's left open for other provisions.

Mayor Pro Tem Sherman noted it is unclear how Staff determines significant tax burdens and does not favor moving forward with this ordinance. He stated enough exemptions have been granted for development of this project. He voiced concerns this could possibly bankrupt the City.

MOTION was made by Mayor Pro Tem Sherman to remove Draft Ordinance No. 08-163 from future agendas.

MOTION fails for lack of a second.

Councilmember Thomasson proposes that in section 4, #1 (b) change the last phrase to say the first 5500 new residential units receive the exemption. This would help with clarify which units are eligible for the exemption.

Land Use Planner Sullivan stated the 8-year exemption period begins when the developer receives the certificate of occupancy.

Councilmembers Thomasson proposed Staff clarify section 4, #2. In addition, he referred to page 8 section 4, #4. He directed City Manager Piasecki to ensure proper language is added to that sentence clarifying that no net loss to the City occurs during the 8-year period.

Land Use Planner Sullivan stated State law does allow the exemption waived partway through a project for certain criteria.

City Manager Piasecki noted that the current language gives the authority to revoke the exemption to the City Manager. If the person aggrieved does not agree with the decision given by the City Manager, they can appeal it to the hearing examiner.

Land Use Planner Sullivan stated that the State law is written that the developer has up until the time the building permits issued to request the tax exemption. Once the building permit is issued a tax, exemption cannot be requested. Once the tax exemption is approved, the developer has 3 years to complete the structure. An extension of 24 months must be approved by the City Council.

Councilmember Thomasson proposes limiting the geographical area that can qualify for the tax exemption and he favors a cap of 2000 units.

At 9:01 p.m., Mayor Sheckler announced that Council would take a 10-minute break. Councilmember Kaplan left the meeting at the break because of another commitment.

Councilmember Pina would like to limit the areas that qualify for the tax exemption and limit number of units.

Councilmember Scott favors the development of Pacific Ridge and that the tax exemption applies to the Pacific Ridge area.

Councilmember Thomasson queried on how will the assessment be done and how will this be treated by a special levy and a levy lid lift.

City Manager Piasecki noted Staff would follow up on these questions.

Continued Preliminary 2009 Budget Discussion

Finance Director Henderson noted the General & Street Funds Recap Report is updated. The City Council has approved 1.8 million in changes to the budget. The City is still short approximately \$800,000. She also presented an analysis of dues, training and Conferences City wide using the actuals for January 2008 through October 2008. She suggested restoring some of that funding to the 2009 budget for required training for Police.

Mayor Pro Tem Sherman queried where is the City now with approved cuts. Finance Director Henderson responded we currently cut \$1,832,537. Leaving the City with \$938,938.00 to balance the budget.

City Manager Piasecki summed up the budget discussion using the following terms:

- Ongoing sustainable cuts
- One time cuts
- Ongoing sustainable one time revenues

He added there are some strategies that the City can't repeat. They can't delay their replacement assessments for more than a year or two without seriously affecting the City's ability to have equipment that works when needed. Referring to the SRO (school resource officer) presently the City has a 3-year agreement with the school. The Criminal Justice Training Center Officer has been funded by the State for 12 years.

Councilmember Thomasson stated Council has not solved the structural deficit and that the structural deficit has not been acknowledged. Deferring an expense for a year is not the solution.

City Manager Piasecki noted that the structural deficit is acknowledged in the budget message Finance Director Henderson compiled. When viewing the list, Staff has broken out the one-time revenues and the one-time expenses. Staff can look at different means of presenting the information if directed by Council.

Councilmember Pina stated the 2009 budget solution should be the priority. Meetings about the 2010 budget should begin in January 2009.

Councilmember Thomasson expressed concern over the loan from the Revenue Stabilization Fund. It has not been repaid and it will not be available to use if needed in 2009.

Mayor Pro Tem Sherman stated to Council it's time they turn their focus to balancing the budget for 2009.

General & Street Funds Recap

Expenditures

Dues, Schools, Conferences

The consensus of Council is to reduce by 20% (\$11,460.00) \$44,744.

New Revenues

Row Fees, Street Vacation Fees and Civil Engineering Plan Review Fees;

These are all fees the City Manager has the authority to increase. The plan is to set them as cost recovery.

Planning, Building, and Public Works Director Fredricks indicated that the problem with the Civil Engineering Fees. The fee is not paid until the permit is issued. A great deal of work is done free and then the person decides not to pursue the construction. He stated he wants to increase the hourly rate 30-35% and collect the fee upfront. In addition, an increase in Street Vacation fees to \$5,000.

Councilmember White stated \$5,000 for a Street Vacation Fee is excessive.

City Manager Piasecki explained the cost to the City for processing a Street Vacation Application is \$5,000. It does not include the value of the right-of-way they have to pay according to the City Code.

No consensus was reached by Council.

Business License Registration Fees

Increasing the Out-of-City and Home Occupation Licensing Fee to \$75.00.

Councilmember Pina queried about the City's Fees in comparison to neighboring Cities.

City Manager Piasecki commented Council was sent an electronic copy of the AWC fee and charges survey. The AWC webpage has a survey that goes into more detail for comparisons.

Councilmember Thomasson stated if the fee for Home Occupancy is too high it would discourage business owners from applying for a license. He questioned the Commercial License fee.

City Manager Piasecki responded it comes close to covering some basic costs also it is one of the highest in the state except for those cities that base their fee on the number of employees. All the rest of the new revenues require Council action.

Council consensus for this is favorable.

Utility Tax on Surface Water Management Fees

City Manager Piasecki stated cities that have their own utilities such as water and sewer, almost all place a tax on them with some in excess of 6%. This is a revenue option strategy. The increase would be \$8.32 a year.

Council consensus favors this but certain criteria must be met before implementing.

Metropolitan Park District

City Manager Piasecki stated this concept involves possible partnerships with the City of Normandy Park and the school district that would support the pool, senior services program, recreation program and park maintenance. It could be expanded or limited to one program. This is not an option for the 2009 budget. It is an option for 2010. A vote in 2009 would be required for this alternative. This is presented for informational purposes only; more discussion will follow in the future.

Utility Tax

City Manager Piasecki noted state law allows Council to impose a utility tax up to 6%. The tax can be up to 9% but voters must approve the last 3 percentage points. Each percentage point of utility tax raises about \$560,000 for a full year.

No consensus was reached by Council.

Port of Seattle Noise Mitigation Bldg. Permit Revenues

City Manager Piasecki stated this is already included in the base.

Transportation Benefit District

City Manager Piasecki noted these were authorized by the legislature in a past session. It allows City Councils to create a district to provide transportation services, i.e. constructing new roads, maintaining current roads. The revenue sources available to Council include:

- Per vehicle assessment up to \$100.(\$20 Council approved, \$80 voter approved)
- Excise tax or another tax for voter approval

This would require adopting an ordinance. Council did not come to a unanimous consensus. Further discussion in the future will follow.

City Manager Piasecki added he is having discussions with City employee groups about reducing employee costs. These are ongoing discussions and he should be able to provide more information at future Council meetings.

Mayor Sheckler noted that King County is considering a system where each employee is granted a day off in a specific time period to cut costs. He queried if the City employees would consider this. City Manager Piasecki responded it is one of the many options he is discussing with employees. Details need to be researched.

NEW BUSINESS

Pavement Management System Briefing

MOTION was made by Councilmember Thomasson, seconded by Councilmember Pina and passed unanimously, to move this agenda item to a Council date to be determined by Mayor Sheckler.

Commute Trip Reduction Briefing

MOTION was made by Councilmember Thomasson, seconded by Councilmember Pina and passed unanimously, to move this agenda item to a Council date to be determined by Mayor Sheckler.

NEXT MEETING DATE - Study Session November 6, 2008

ADJOURNMENT

At 10:32 p.m., **MOTION** was made by Mayor Pro Tem Sherman, seconded by Councilmember Scott and passed unanimously, to adjourn.

Respectfully submitted,

Autumn Lingle
Clerk