

## REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES

January 15, 2009

The regular meeting of the Des Moines City Council was called to order by Mayor Sheckler at 7:31 p.m. in the Council Chambers, 21630 11<sup>th</sup> 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, Scott Thomasson and Susan White. Also in attendance were City Manager Tony Piasecki, City Attorney Pat Bosmans, Land Use Planner II Jason Sullivan and City Clerk Denis Staab.

### COMMENTS FROM THE PUBLIC

#### Ben Stark, 1310 S 230<sup>th</sup> Street

Mr. Stark addressed Council concerning the 3<sup>rd</sup> runway. He reported attending the Highline Forum meeting wherein Mayor Sheckler questioned the Port on illegal use of the 3<sup>rd</sup> runway for take offs and landings in violation of their public promises and their EIS. He reported the Port stated in essence "they will use that runway anytime, anyway they want to". He noted only two Port Commissioners attended, and 13 citizens testified opposing the unacceptable noise and pollution about the unnecessary operation of the 3<sup>rd</sup> runway. In conclusion he requested Councilmembers to take appropriate action.

### BOARD & COMMITTEE REPORTS & COUNCILMEMBER COMMENTS

#### Midway Planning

Councilmember Scott reported the Economic Development Committee attended a joint meeting at Kent City Hall regarding the Midway Comprehensive Planning.

#### Local Blog (B-town Blog)

Councilmember Scott noted there is a couple who have a Burien and White Center Blog and they now want to do one for Des Moines. The purpose is to provide daily reports on what is happening in local communities.

#### Transportation Benefit District

Councilmember Kaplan reported the Board met earlier this evening and adopted Rules of Procedure, had a briefing on interaction with the Department of Licensing on when the \$20 fee will be implemented by the State and our expectations for revenue coming in, and potential expenditures identified during the course of the year. The next meeting of the District will be February 12<sup>th</sup> at 6:30 p.m.

#### Public Issues Committee of Suburban Cities Association

Councilmember White reported attending the Committee meeting last night. She gave the City Manager a copy of the Association's legislative agenda for distribution to anyone interested. She advised the Committee voted in support of The Stable and Dedicated Public Health Funding.

It was noted that Councilmembers Pina and White will continue to serve as representative and alternate on the Committee for 2009.

#### South King County Economic Development Initiative

Councilmember White announced the development of a web site in conjunction with Seattle Southside which will list all community activities in all the participating cities, including business and real estate opportunities.

#### Arts Commission

Councilmember White noted the Commission is looking for artists to contribute to an outdoor piece of wall art.

#### Waterland Music Series

Councilmember White announced the next event will be February 3<sup>rd</sup> at Highline Community College, Building 7, at 7:30 p.m.

### PRESIDING OFFICER'S REPORT

#### Revisions to Tonight's Agenda

Mayor Sheckler advised that Old Business #1 regarding Passenger Ferry Service is being moved to February 5<sup>th</sup>.

In regards to New Business #1, Downtown Planning, City Manager Piasecki noted this was moved from last week's agenda as no action was taken by Council. He noted the Planning Manager is not available tonight and requested this item be moved to January 22<sup>nd</sup>.

**MOTION** was made by Mayor Pro Tem Sherman, seconded by Councilmember Kaplan and passed unanimously, to place Passenger Ferry Service topic on the February 5<sup>th</sup> Agenda and the Downtown Planning item be moved to January 22<sup>nd</sup>.

### ADMINISTRATION REPORTS

#### King County Court Change of Filing Standards - Impact on Des Moines

City Manager Piasecki informed Council that in the fourth quarter of 2008, the City filed 23 cases in our Court that previously would have qualified as felonies, that the County declined to prosecute.

#### Regional Commission on Airport Affairs (RCAA)

City Manager Piasecki noted he has entered a standard contract with RCAA for 2009 in the amount of \$5,000.

#### Federal Government Lobbyist

City Manager Piasecki advised the Contract is on tonight's Consent Calendar. In regards to the Federal stimulus package, he has been advised there will be no "ear marks" however we will be kept informed on how to keep our projects "front and center".

He reported that Congressman Smith has submitted both of Des Moines' projects as "ear mark" requests and has identified the downtown water system as his top priority "ear mark" for 2009.

State Lobbying Services

City Manager Piasecki noted the contract has been signed with Phil Watkins. He reported Mr. Watkins has the City's list of priorities and he is already talking with appropriate State officials.

Washington, D.C.

City Manager Piasecki noted the week of March 2<sup>nd</sup> would be the best date to go to D.C.

Mayor Sheckler asked Councilmembers who are available and interested in making the trip to contact him.

CONSENT CALENDAR was read by City Clerk Staab.

~~1. **Motion is to confirm Mayor Sheckler's reappointments to the Planning Agency of John Savage and Robert Polwarth to four year terms effective January 1, 2009.**~~ [NOTE: Item removed by Mayor Sheckler]

2. TWO MOTIONS:

A. Draft Resolution No. 09-003 [ASSIGNED NO. 1093] - Title: A Resolution of the City Council of the City of Des Moines, Washington, recognizing the City's 50<sup>th</sup> Anniversary and declaring 2009 to be the City Birthday Recognition Year.

MOTION is to approve Draft Resolution No. 09-003.

B. Motion is to approve the Waterland Music Series, Spring Egg Hunt, 4<sup>th</sup> of July Headliner Jr. Cadillac, Beach Park Jazz & Blues Series, Trash to Treasure, Waterland 5K Fun Run, Comedy Night in Des Moines, Tukwila Police Department Polar Bear Plunge, Eleanor Roosevelt - No Ordinance Woman, Des Moines Sports Night, Time Capsule, Remax Hot Air Balloon, Wenatchee Youth Circus and Federal Way Symphony Garden Tour as sanctioned events for our 50<sup>th</sup> Birthday celebration.

3. Motion is to direct the City Manager to execute the Public Works Trust Fund Loan Agreement (PR08-951-112) in the amount of \$1,000,000 for the Des Moines Transportation Gateway Project, substantially in the form as submitted.

~~4. **Draft Ordinance No. 08-050 - Title: An Ordinance of the City of Des Moines, Washington, relating to the traffic code and the parks and recreation, amending DMMC 10.20.010, DMMC 10.20.020, DMMC 10.20.030, adding a new section to chapter 10.20 relating to the Beach Park speed, amending DMMC 19.08.030, and revising speed limits on certain streets that are located in the City of Des Moines.**~~ [NOTE: Item removed by Councilmember Pina]

MOTION is to approve Draft Ordinance No. 08-050 on second reading.

~~5. **Motion is to authorize the City Manager to approve the supplements to the Professional Services Agreements for on-Call Civil Engineering Services (2007-2009) increasing the contract amount from a maximum of \$500,000 each to a maximum of \$1,000,000 each in order to cover existing and unforeseen civil engineering work as needed through December 31, 2009.**~~ [NOTE: Item removed by Councilmember Thomasson]

6. Motion is authorize the City Manager to approve Task Order Supplement 2 with Fehr & Peers Mirai for work on the Comprehensive Transportation Plan in the amount of \$49,850.00, bringing the total amount for this Task Order Assignment to \$369,847.00, authorize the City Manager to approve other Task Order Supplements as necessary up to an amount of \$5,000.00 for the overall Task Order Assignment, and further authorize the City Manager or his designee to sign said Task Order Supplements substantially in the form as submitted.

~~7. **Motion is to authorize the City Manager to sign the contract with Gordon Thomas Honeywell Governmental Affairs for federal government lobbying services substantially in the form as submitted.**~~ [NOTE: Item removed by Councilmember Thomasson]

8. Motion is to adopt the Intergovernmental Polices and Positions as amended by the City Council.

~~9. Motion is to approve and ratify the letter dated January 2, 2009, from Mayor Sheckler to Mayor Lin of the City of Changle, China, expressing an interest in establishing a Sister City relationship between our two cities.~~ [NOTE: Item removed by Mayor Sheckler]

MOTION was made by Councilmember Thomasson, seconded by Mayor Pro Tem Sherman and passed unanimously, to approve the remaining consent items as read.

#### REMOVED CONSENT CALENDAR ITEMS

##### Consent Item #1 - Planning Agency Reappointment

MOTION was made by Mayor Sheckler, seconded by Councilmember Pina to confirm reappointment to the Planning Agency of John Savage to a four year term effective January 1, 2009. Motion passed unanimously.

##### Consent Item #9 - Interest in Establishing a Sister City Relationship - Changle, China

Mayor Sheckler advised that he agrees with Councilmembers that he got ahead of Council in sending the letter of interest and apologized.

Councilmember White noted that while joining in a Sister City Partnership is not financially feasible at this time, she encouraged future consideration.

Consensus was this could be a topic for a future study session.

##### Consent Item #4 - Draft Ordinance No. 08-050 [ASSIGNED NO. 1455] Speed Limits - 2<sup>nd</sup> Reading

After a brief question by Councilmember Pina, MOTION was made by Councilmember Kaplan, seconded by Councilmember White and passed unanimously, to adopt the Draft Ordinance relating to the traffic code and the parks and recreation, amending DMMC 10.20.010, DMMC 10.20.020, DMMC 10.20.030, adding a new section to chapter 10.20 relating to the Beach Park speed, amending DMMC 19.08.030, and revising speed limits on certain streets that are located in the City of Des Moines.

##### Consent Item #5 - Supplements to Professional Services Agreements for on Call Civil Engineering Services

Upon questioning by Councilmember Thomasson, Transportation Engineer Brewer noted the increase is for specifically identified Capital Improvement Projects, but not South 216<sup>th</sup> Street.

MOTION was made by Councilmember White, seconded by Councilmember Kaplan to authorize the City Manager to approve the supplements to the Professional Services Agreements for on-Call Civil Engineering Services (2007-2009) increasing the contract amount from a maximum of \$500,000 each to a maximum of \$1,000,000 each in order to cover existing and unforeseen civil engineering work as needed through December 31, 2009.

A FRIENDLY AMENDMENT was suggested and accepted by the maker and seconder of the motion, to the limit the increases to KPG and KPFF.

VOTE: Motion passed unanimously.

Consent Item #7 - Contract for Federal Government Lobbying Services

Councilmember Thomasson stated that he was not in support of this idea during budget discussions and he is still not in support.

**MOTION** was made by Councilmember White, seconded by Councilmember Scott, to authorize the City Manager to sign the contract with Gordon Thomas Honeywell Governmental Affairs for federal government lobbying services substantially in the form as submitted. Motion FAILED 4 to 3 with Councilmembers White and Scott, and Mayor Sheckler voting yes.

PUBLIC HEARING

Draft Ordinance No. 08-163 Regarding Multi-Family Tax Exemption - 1<sup>st</sup> Reading

Mayor Sheckler advised the purpose of this agenda item is to facilitate Council's consideration of the draft ordinance implementing a Multifamily Tax Exemption program (MFTE) for developments on properties within the Pacific Ridge Area. He read the rules of procedure for conducting the public hearing, then requested all individuals who wish to testify on the matter to stand up, raise their right hand, and he administered oath to "tell the truth". He declared the hearing open and requested staff describe the matter.

Land Use Planner II Sullivan reviewed the history of the area. He noted the MFTE program is an incentive for developers to build multi-family housing by reducing risks and carrying costs, and helping to achieve financing and attracting buyers and renters. This program does not go into effect until the project is completed and a certificate of occupancy is issued, which means it benefits the home purchaser of a condominium or renter, not the developer. He further noted this program is an economic tool for the City to stimulate new housing, increasing the value of the land and eventually increasing taxes received, in addition the new construction generates revenue in one-time sales tax and will generate additional commercial construction to serve the new residents of the area. He stressed this program will only apply to this specific area, not the whole City. He defined the area as south of S 216<sup>th</sup> Street, north of S 221<sup>st</sup> Street, east of Pacific Highway South and west of Interstate 5. He described the key elements as follows:

- Minimum height requirements
- Minimum number of units
- Limited to the first 3,000 units
- Requires sufficient tax revenue during the exemption period to cover City's costs to provide services to the new residents
- Applicant must submit a financial analysis to determine any financial impacts
- Any project that receives the exemption must be complete within 3 years that Council approves the exemption

He continued by stressing that it has been determined that the City's ability to provide the same level of service, without requiring other areas of the City to subsidize the RTA area, will not occur, as the City will receive sufficient revenue off the increase in property taxes, utility taxes to offset the amount of demand. Additionally developers will be required to submit a financial analysis to ensure the project stays budget neutral for the City. In regards to the school district, he noted two of the three schools that serve this area have recently been rebuilt and will be able to support growth in the student body. He also noted that during the exemption period the School District will experience increased property taxes due to increase property valuation and commercial structures. He advised that South King Fire and Rescue did not oppose the program as it would be good for public safety and will slightly assist in revenues in the short term, and will be most beneficial to the revenues in the long term. He advised that in the past 9 years there

has been no significant amount of new construction, no residential construction and no construction in the heart of the area even though the area consists of 6% of the City's land area, while representing 12% of the Police calls for service. He concluded by noting that without the implementation of significant incentives, the market will only support moderate densities and moderate development as is currently seen. Therefore to realize re-development sooner than later, a more proactive approach is recommended to implement the Pacific Ridge Area Neighborhood Improvement Plan. He advised the multifamily tax exemption is an incentive that is more proactive.

9:02 p.m. Mayor Sheckler called for a 10 minute break.

Mayor Sheckler called for speakers.

OPPONENTS - The following individuals addressed Council in opposition:

Stan Scarvie, 204 S 206<sup>th</sup> Street

Mysty Beal, 22628 16<sup>th</sup> Avenue South

Mark Proulx, 26202 14<sup>th</sup> Avenue South

Bob Polworth, 19617 7<sup>th</sup> Avenue South

Valerie Constantino, 1141 S Apple Lane

Ben Stark, 1310 S 230<sup>th</sup> Street

James Fossos, 20730 7<sup>th</sup> Avenue South (speaking as an individual, but identified himself as a South King Fire and Rescue Commissioner)

voicing the following objections:

- Lack of property taxes to support schools, libraries, Fire, Police & Port of Seattle
- Places undue tax burden on rest of citizens in the City of Des Moines
- Want public disclosure of lost taxes, and total of any other waiver of fees
- Lack of safe guards in place
- Size of tax exemption is too high
- Need investigation on full impact on Fire and Police response
- Want impartial review of revenue impacts

PROPONENTS - The following individuals addressed Council in support:

Michael Allan, 27013 Pacific Highway South

Randy Rushforth, 6021 12<sup>th</sup> Street East, Tacoma

JJ McCament, 708 Broadway, #170, Tacoma

voicing the following:

- Makes the area more marketable
- Immediate increase in other taxes such as utilities
- Will attract more businesses which will all pay taxes
- Taxes still paid on increased land value which will benefit schools, Fire & Police
- Great investment in the future

Mayor Sheckler called for any additional speaker three times. As there was no response he inquired of Administration whether there were any misstatements of facts, any new material to introduce or if they wished to alter any of their recommendations.

Land Use Planner II Sullivan reminded everyone the question before Council tonight is "should the City establish the Program" in this area in order to facilitate the Pacific Ridge vision. He also noted should the developer get the exemption they only have 3 years to complete construction.

Each application for an exemption would come before the Council which would include a financial analysis to ensure it is accurate and correct and is budget neutral. Additionally the draft ordinance provides that if there is a difference between the amount of taxes that would be collected, and the amount of revenues that would have to be expended to provide services, the developer can also make a "pilot payment" in lieu of taxes in order to bring it to budget neutrality. Therefore, questions tonight that deal with how much taxes will be lost, what projects will receive the break are premature at this time. In regards to subsidies, the developer is still required to pay all permit fees, construct the buildings, and only then is the property exempt from taxes, but not the developer. There is no subsidy to the developer.

Mayor Sheckler asked Councilmembers if they had any questions for staff or any of the public speakers.

Mayor Pro Tem Sherman referenced page 8, #3.3 South King Fire & Rescue of the "Waterview Crossing Financial Synopsis", Attachment 2 in Council packets, and questioned Fire District Commissioner Fossos whether the District engages in 'side deals' to get additional equipment and training provided to Fire Fighters. Mr. Fossos stated as a Commissioner he was not contacted, only the Fire Chief Church was. He noted the Commissioner's make the policy and the Fire Chief carries it out.

City Manager Piasecki noted the portion Mayor Pro Tem Sherman referenced is based on a SEPA Mitigation Agreement which is normal with any type of development. He further noted that he was the one who contacted Fire Chief Church who indicated he had spoken with the Commissioner's at their last meeting, discussed this issue with them and was directed to indicate that the District's position on this issue would be neutral, possibly slightly positive.

Mark Freitas, Chairman of S. King Fire & Rescue Board of Commissioners. Mr. Freitas informed Council the Board has not dealt with this issue, has not been asked to deal with this issue and have not formally dealt with this issue. He noted that normally routine items such as this are delegated to Fire Marshal Biesold or Fire Chief Church. He noted he is also here as an individual citizen to find out what is going on and how it will affect the District. He noted it is the City's job to set policy in land use activities, not the Fire District.

Upon questioning as to whether the Market Study for Waterview Crossing dated March 2008 was still valid, Land Use Planner II Sullivan stated it is still valid as it is reviewing the types of units demanded from condominiums and the analysis supports the separate analysis that City staff conducted, including trends that we are now currently experiencing.

Mayor Pro Tem Sherman pointed out that on page 3 of 9 in Attachment 2, the first paragraph does not contain a complete listing of other incentives the City has approved to encourage development in this area.

Upon questioning, Land use Planner II Sullivan explained the method used to calculate utility taxes.

At 10:26 p.m. **MOTION** was made by Councilmember Kaplan, seconded by Councilmember Pina and passed unanimously, to extend the meeting until 11:00 p.m.

Councilmember Pina pointed out that the City is already collecting more taxes in this area because of land value increases. Land Use Planner II Sullivan confirmed that the area under discussion went from an assessed land value of \$4 million in 2008, to \$8 million in 2009.

Councilmember Kaplan questioned Mr. Fossos as to whether the Fire District #26 had reviewed the Pacific Ridge Neighborhood Element in 1999, or if South King Fire & Rescue has reviewed the City's Comp Plan. Mr. Fossos responded the Commissioners did not, but the Fire Marshall and Fire Chief may have. Councilmember Kaplan pointed out that the Fire Department has had ample time to review the City's plans to determine if they would need additional equipment or staff to handle any new development.

Upon questioning by Councilmember Scott, Ms. Beal noted her information is based on the draft ordinance, minutes of July and August 2008, and a newspaper article in the Highline Times. She advised since she is not an accountant and that is why citizens are asking for an independent financial assessment of the impacts. She does not feel the information Council has now is enough to make a well informed decision.

Councilmember Scott noted she has done a great deal of research related to this issue and requested citizens withhold conclusions until more information is released to the public.

Upon questioning by Councilmember Thomasson, Land Use Planner II Sullivan advised that after the 8<sup>th</sup> year of exemption, the new construction calculation value will be based on its current value, not the original value, which includes inflation. Councilmember Thomasson requested this be confirmed before Council meets on this subject again.

City Manager Piasecki confirmed that increase in land value does not generate new tax dollars due to the 1% limit, although it may redistribute tax dollars amongst the population. However, that piece of property valued at \$1 million last year and valued at \$2 million this year is going to be paying more tax proportionately than what the other properties in town are. He noted when a new building is built what goes on the tax roll is the value of the new construction, not the new value of the property. This will provide a benefit to other properties.

Upon questioning, City Attorney Bosmans noted Council has the authority to establish the criteria, similar to a PUD. Therefore Council can establish rules to implement the ordinance if it is passed.

It was noted by staff any project still will need to go through a mitigation review.

**MOTION** was made by Councilmember Kaplan, seconded by Councilmember White, to continue the public hearing on February 26, 2009. Motion passed 6 to 1 with Councilmember Scott opposed.

Removed Consent Item #7 - Contract for Federal Government Lobbying Services

**MOTION** was made by Councilmember Kaplan, seconded by Mayor Sheckler, to reconsider the decision relative to the contract with Gordon Thomas Honeywell at the next Council meeting. Motion passed 4 to 3 with Councilmembers Pina and Thomasson, and Mayor Pro Tem Sherman opposed.



OLD BUSINESS

Passenger Ferry Service - Update

By an earlier motion, item moved to February 5<sup>th</sup> Study Session.

NEW BUSINESS

Downtown Planning

By an earlier motion, item moved to January 22, 2009.

NEXT MEETING DATE

Mayor Sheckler announced the next regular meeting is January 22, 2009.

ADJOURNMENT

At 10:55 p.m. **MOTION** was made by Councilmember Pina, seconded by Councilmember Kaplan and passed unanimously, to adjourn.

Respectfully submitted,

Denis Staab  
City Clerk

**ACTION ITEMS FOR MEETING OF 1/15/09**

- Confirm that after the 8<sup>th</sup> year of a tax exemption, the new construction calculation value will be based on its current value, not the original value, which includes inflation.