

**CITY OF LAKE STEVENS
CITY COUNCIL WORKSHOP MEETING MINUTES**

Tuesday, October 1, 2019

Lake Stevens Fire Station 82 Conference Room
9811 Chapel Hill Road, Lake Stevens

CALL TO ORDER: 7:21 p.m. by Mayor John Spencer

ELECTED OFFICIALS PRESENT: Councilmembers Kim Daughtry, Kurt Hilt, Gary Petershagen, Todd Welch, Rauchel McDaniel, Marcus Tageant and Brett Gailey

ELECTED OFFICIALS ABSENT: Councilmember Kurt Hilt

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STAFF MEMBERS PRESENT: City Administrator Gene Brazel, Finance Director Barb Stevens, Community Development Director Russ Wright, Public Works Director Eric Durpos, Interim Human Resources Director Julie Good, City Clerk Kathy Pugh, Police Commander Jeff Beazizo

OTHERS:

Mayor Spencer called the meeting to order at 7:21 p.m. and turned the meeting over to Council President Gary Petershagen.

Preliminary Budget Discussion: Finance Director Barb Stevens commented on the recently received Moody's rating, saying Moody's has upgraded Lake Stevens from an Aa3 to an Aa2. The rating is based on the city's tax base growth in recent years and the improvement in its financial position. Director Stevens said only six cities are rated higher including Marysville, Spokane, Vancouver and Bothell; she also said the Aa2 rating provides bond purchasers with confidence.

City Administrator Brazel commended Director Stevens and her team for their hard work getting the Moody's rating upgraded.

Director Stevens briefly reviewed the 2020 Budget calendar. She then reviewed the 2019 estimated budget versus the actual and provided an overview of the 2020 base budget. Director Stevens anticipates \$7.5 million will be rolled forward with capital projects. She then reviewed the major revenue sources and noted that sales tax was greater than property tax revenue for the first time and said this is driven by construction. Director Stevens next reviewed the 2019 estimated revenues and expenditures against the 2020 initial revenues and expenditures.

Discussion ensued regarding the costs of lake maintenance and how to apportion this cost between Snohomish County and the city, and estimated Utility Tax revenue for 2020. Also discussed was Lake Stevens School District's exemption from Storm Water fees, and Director Stevens noted this exemption is scheduled to be eliminated in 2022.

Director Stevens next reviewed the 2020 Base Budget assumptions. She said the General Fund revenue assumptions assume a 1% increase in 2020 and General Fund expenditures will

rise due to filling staffing vacancies. Also reviewed and discussed were the 2020 Street Fund and Storm Water assumptions, as well as the Base Budget forecasted ending balances. Director Stevens commented that ensuring fiscal sustainability is the number 1 priority in the budget process.

In closing Director Stevens reminded that the next budget workshop will be at 6:00 p.m. on October 8, 2019 and said the Capital Budget and Department and Executive draft budgets will be presented.

Mayor Spencer responded to Councilmember Petershagen's regarding moving the code enforcement officer to the Police Department, saying he likes the idea as it provides for a cleaner process, but that there also needs to be way to enforce code requirements such as fencing and shrubbery requirements, etc. He added different options and costs will need to be considered before a decision can be made.

City Administrator Brazel circulated a memo describing the recent trip the WEFTEC conference and said this memo will also be provided to the Sewer District.

Comprehensive Plan and Land Use Code Updates: Community Development Director Russ Wright distributed three overlay maps: Comprehensive Plan/Land Use, 20th Street SE Subarea Corridor Land Use and Lake Stevens Center Subarea Land Use.

In response to Councilmember Petershagen's earlier question, Director Wright updated there has not been a lot of progress on the Soper Hill roundabout. The City issued a SEPA determination earlier this year and has seen the up to 60% construction drawings, but new drawings with corrections made have not yet been submitted and there is still not a construction schedule. Director Wright added there has been no progress on the trailhead improvement.

Turning to the Comprehensive Plan and Land Use code updates, Director Wright reviewed that in the 20th Street SE subarea 222 acres of properties are designated as commercial with over 100 acres of encumbrances including easements, buffers and wetlands, leaving about 115 acres of developable land. He referenced Study Area 1 on the east side of SR 9 and south of 20th and commented it is about 11 acres with residential uses. Study Area 2 is on the west side of SR 9 and north of 20th and was previously identified by Council as an area that might be suitable for commercial development. He noted there are residences in this study area as well. Staff will reach out to the residents in both study areas to get their feelings on changes to the lot status and zones.

Looking at the Lake Stevens Center subarea, Director Wright said there is about 153 acres of commercially designated land including the 33 acres that everyone has agreed should be removed from mixed use and re-designated as commercial. There is about 17-1/2 acres of encumbered lands in this commercial area, either by utilities or wetlands.

Another proposal previously talked about was looking at comprehensive plan pre-designations in the UGA. He noted there is a large set of parcels in the eastern part of the UGA that staff recommends be designated as Local Commercial. This means that upon annexation there would be another approximately 20 acres that could be developed commercially.

Discussion ensued regarding the suitability of topography for development, and Director Wright commented it becomes a question of development costs. Also discussed was the possibility of

identifying more properties suitable for commercial development on the north side of 20th Street SE.

Turning to the Land Use code updates, Director Wright said that tomorrow evening the Planning Commission will be meeting and hearing recommendations from the Citizens Advisory Committee. Proposals include reorganizing code requirements for subdivisions into one place in the municipal code, adding density bonuses to subdivisions to make them more inviting and looking at how to make cluster subdivision code requirements more effective by possibly adding incentives to make the dimensional regulations more flexible and useable.

Director Wright said the second piece is an overhaul of the Zoning Code including updating zoning labels and looking at net density, adding a rounding incentive for properties that are tougher to develop and looking at lot size requirements. Director Wright said the Buildable Lands report is being reviewed and the goal is to meet city development targets and to also look at incentive tools for efficiencies and safeguards that could be put into place.

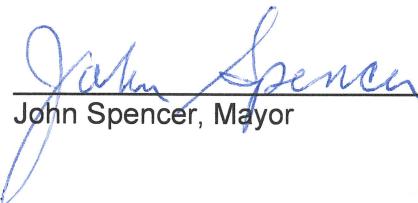
The third step is to create an infill tool kit. Director Wright said land use applications for large plats will decrease. The tougher lots to build will accommodate infill. Proposals coming forward will include incentives such as density bonuses, flexible dimensional standards, and allowing limited multi-family in some neighborhoods which is required under the new state regulations.

Responding to Councilmember Daughtry's question regarding affordable housing, Director Wright said the techniques being discussed will allow for varied development including incentives and bonuses, house size and style, such as townhomes, and this will increase affordability without creating inclusionary zoning.

Director Wright said, in response to Councilmember Petershagen's question regarding mitigating wetlands offsite, the City is going through that process now with the Army Corps of Engineers on the 91st/24th and Costco site. He said part of the argument goes to siting and whether the development could be placed somewhere else. On the case-by-case basis of smaller development the analysis is whether the wetland can be mitigated at another location.

Mayor Spencer then said there was a very positive conversation with Costco today, and that a draft Development Agreement will be brought forward on October 15th, with a public hearing on the Development Agreement tentatively scheduled for October 22. He said Costco would like to begin construction in July 2020.

There being no further business the meeting was adjourned at 8:24 p.m.


John Spencer, Mayor


Kathy Pugh, City Clerk
Adri Crim, Deputy City Clerk