

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

Tuesday, October 23, 2018
Lake Stevens School District Educational Service Center (Admin. Bldg.)
12309 22nd Street N.E. Lake Stevens

CALL TO ORDER: 6:58 p.m. by Mayor John Spencer

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

ELECTED OFFICIALS ABSENT: Councilmember Marcus Tageant

STAFF MEMBERS PRESENT: City Administrator Gene Brazel, Senior Accountant Josh Roundy, Community Development Director Russ Wright, Associate Planner Dillion Roth, Commander Jeff Beazizo, Human Resources Director Teri Smith, Human Resources/Executive Assistant Julie Good, City Clerk Kathy Pugh, City Attorney Greg Rubstello

OTHERS: Jeff Ketchell, Snohomish Health District
Doug Levy, Outcomes by Levy
Shawn Frederick, Veterans Commission

Pledge of Allegiance: Mayor Spencer led the Pledge of Allegiance.

Roll Call: Moved by Councilmember Daughtry, seconded by Councilmember Welch, to excuse Councilmember Tageant from the meeting. On vote the motion carried (6-0-0-1).

Approval of Agenda: Councilmember Petershagen said Staff is requesting Action Item I, Approve Resolution 2018-33 Declaring the City of Lake Stevens a Veteran Friendly Employer and Veteran Friendly City be moved from the consent agenda to Action Items.

MOTION: Moved by Councilmember Hilt, seconded by Councilmember Welch, to move Action Item I to follow the consent agenda. On vote the motion carried (6-0-0-1).

Mayor Spencer said that an executive session will be added to discuss a two real property matters with no action to follow.

MOTION: Moved by Councilmember Welch, seconded by Councilmember Daughtry, to add an executive session to the agenda to consider two real estate matters, with no action to follow. On vote the motion carried (6-0-0-1).

MOTION: Moved by Councilmember Welch, seconded by Councilmember Gailey, to approve the agenda with the noted changes. On vote the motion carried (6-0-0-1).

Guest Business:

Mayor Spencer introduced Jeff Ketchell, Administrator of the Snohomish Health District, who presented a PowerPoint presentation and reviewed infrastructure improvements at the

Snohomish Health District and proposals for Snohomish Health District programs for 2019. Administrator Ketchell reviewed the Health District's efforts in addressing the opioid epidemic, and in supporting Lake Stevens' no vaping ordinance by providing signage in parks and other public areas.

Administrator Ketchell next reviewed the Snohomish Health District's 2019-21 Public Health Services requests. He asked that the City of Lake Stevens show support by drafting a resolution and supporting the Health District through their next year of sustainability.

Councilmember Gailey commented the resource guide is excellent, but he is concerned that the resource guide is not being distributed widely throughout the community. He suggested partnering with the school districts to ensure the guide is distributed to parents.

Councilmember McDaniel commented she would like to see where the funding is being spent, including an itemization of administrative costs.

Councilmember Hilt concurred with Councilmember McDaniel's request and commented on the workload of the Snohomish Health District, comparing the staffing numbers with other health districts in the state and the amount of work that is accomplished by Snohomish Health District.

Mayor Spencer noted in 2018 the City paid \$1 per capita and said that the more the Health District can do in Lake Stevens, with the City's per capita contribution, the better received it will be.

Mayor Spencer introduced Doug Levy, Outcomes by Levy, state legislative lobbyist for the City.

Mr. Levy reviewed the draft legislative agenda and requested Councilmember's input. Mr. Levy reminded that this year's legislative session is the longer session with the biennial budgets being adopted during this session. He commented that mental health will be a large issue in the upcoming session, as will the court-mandated state culvert repairs, affordable housing and homelessness, and addressing transportation needs throughout the state.

Mr. Levy next reviewed key recommendations, including pursuit of additional funding for the next phase of the Civic Center improvements, forward progress on the U.S. 2 Trestle, signalization at SR 9/SR 204, continued buildout of SR 9/SR 204, and exploring what a SR 526 eastbound extension might cost. He next reviewed recommendations on the public health and mental health topics, including additional training slots for public safety officers, and additional funding and personnel for DNA testing at the Washington State Crime Lab. Also on the list is affordable housing and the Housing Trust Fund, the continued efforts to stop diversion of revenue funds to the local level, and the ability to control rights of way at the local level. Mr. Levy also said Association of Washington Cities will be pursuing legislation that gives local government the ability to do incentives for economic development.

Councilmember McDaniel commented she does not support the replacement of the 1% tax cap in favor of a system based on inflation and population growth. Mayor Spencer explained how this would work, and Mr. Levy explained as discussed in previous years at the legislature, this would be at the discretion of the local level.

Mr. Levy responded to Councilmember Gailey's question regarding use of force by law enforcement in criminal cases and tracking legislation on law enforcement on immigrant workers, and said these topics are flagged for tracking purposes only.

Councilmember Gailey believes the eastbound extension of SR 526 would be a big relief for the citizens having to commute every day and encouraged this be actively pursued.

Citizen Comments: None.

Council Business:

- Councilmember Daughtry: Breakfast with Lake Stevens Education Foundation; Snohomish County Cities for Improved Transportation (SCCIT), Sewer Utility Committee, Paine Field Propeller event, Community Transit Executive Committee (CT).
- Councilmember Petershagen: Paine Field Propeller event, Sewer Utility Committee.
- Councilmember Hilt: Parks Board, Paine Field Propeller event, Snohomish County Economic Alliance.
- Councilmember Gailey: Breakfast with Lake Stevens Education Foundation.
- Councilmember Welch: Library Board.

Mayor's Business: Trip to Olympia to meet with Roger Millar, Secretary of Washington State Department of Transportation to request to reallocation of funding from the Market Place/SR 9 to Vernon Road/91st for intersection improvements, and the transfer of mobility grant funds for SR 2/Trestle interchange improvements to 20th Street SE for an HOV lane available during certain times of the day.

Mayor Spencer reported on the Sewer Utility Committee meeting and said that the document for "Benefits and Risks of accelerating the unification of the Sewer District and the City of Lake Stevens" will be turned over to the work group that was created last spring. He said the Sewer District reappointed Kevin Kosche and Mariah Low to the work group. The City's current work group consists of Councilmembers Tageant and Petershagen, and the third person is the Mayor. Mayor Spencer requested this be reconfirmed.

Councilmember Daughtry added this committee is scheduled to conclude their work by the end of November but this could go beyond that date.

Councilmember McDaniel requested she be reappointed to this work group committee as well.

MOTION: Moved by Councilmember Hilt, seconded by Councilmember Gailey, to add Councilmember McDaniel to the work group. On vote the motion carried (6-0-0-1).

City Department Report:

- City Administrator Gene Brazel: Introduced City Attorney Greg Rubstello with Ogden Murphy Wallace, Historical Society.
- Community Development Director Russ Wright: Skykomish/Snohomish branding workshop, Police Station design open house.
- Commander Jeff Beazizo: Academy update, Halloween Festival

Consent Agenda:

MOTION: Moved by Councilmember Welch, seconded by Councilmember Petershagen, to approve (A) 2018 Vouchers [Payroll Direct Deposits of \$63,367.99, Payroll Checks 46305 totaling \$427.17, Tax Deposits of \$19,131.56, Electronic Funds Transfers (ACH) of \$32,474.18, Claims Check Nos. 46306-46424 totaling \$608,192.97, Total Vouchers Approved: \$723,593.87], (B) Joint City Council-Lake Stevens Sewer District Meeting Minutes of October 9, 2018, (C) City Council Regular Meeting Minutes of October 9, 2018, and (D) Lease with Family Center. On vote the motion carried (6-0-0-1).

Approve Resolution 2018-33 Declaring the City of Lake Stevens a Veteran Friendly

Employer and Veteran Friendly City: Commander Beazizo presented the staff report and said the City currently has three Police Department employees who are active in the Military Reserves. He said the City values its enlisted personnel and their contributions and makes every effort to support these individuals. He also mentioned the City of Lake Stevens values its Veterans and Active Duty military personnel and their families. Approval of this resolution would declare the City is both a Veteran Friendly Community and a Veteran Friendly Employer. He then invited questions from Council and there were none.

John VanDalen and Wes Hilton are with ESGR (Employer Support of the Guard and Reserve) and said they are a volunteer group working for the Department of Defense. They reviewed their functions, including serving as ombudsmen for persons serving in the active reserves. They are requesting the Mayor and Commander sign a statement of support regarding the USERRA laws.

Shawn Frederick, Veterans Commissioner, read a letter supporting Resolution 2018-33 and the City being a veteran friendly city.

MOTION: Moved by Councilmember Daughtry, seconded by Councilmember Welch, to adopt Resolution 2018-33 Declaring the City of Lake Stevens a Veteran Friendly Employer and Veteran Friendly City. On vote the motion carried (6-0-0-1).

Public Hearing:**Resolution 2018-29 Accepting 60% Adrian Annexation Petition:**

Mayor Spencer opened the public hearing.

Associate Planner Roth presented the staff report and summarized the annexation process for this proposed annexation. He explained this resolution will initiate a Notice of Intent to annex which will be submitted to the Snohomish County Boundary Review Board for approval. He reviewed the area would be zoned Urban Residential and Medium Density Residential under the Comprehensive Plan. He then invited questions from Council and there were none.

Mayor Spencer invited public comment and there was none; he then closed the Public Comment portion of the hearing.

Mayor Spencer invited Council comments and there were none. Mayor Spencer then closed the public hearing.

MOTION: Moved by Councilmember Welch, seconded by Councilmember Gailey, to adopt Resolution 2018-29 Accepting the 60% Adrian Annexation Petition and Issue a Notice of Intent to Annex and require upon annexation the simultaneous adoption of land use and zoning designations and require the assumption of a proportionate share of existing City indebtedness. On vote the motion carried (6-0-0-1).

Interim Design Review Regulations and Ordinance No 1034:

Mayor Spencer opened the public hearing.

Community Development Director Wright presented the staff report and reviewed at the September 11, 2018 City Council meeting an interim ordinance dissolving the Design Review Board and establishing an administrative review process was passed by Council. State law requires a public hearing be held within 60 days of passing an interim ordinance, to uphold and affirm the interim ordinance. He said the Planning Commission will review permanent regulations and make recommendations to City Council for establishing an administrative process. Following those recommendations, a new ordinance will be brought forward. He then invited questions from Council and there were none.

Mayor Spencer invited public comment and there was none; he then closed the Public Comment portion of the Public Hearing.

Mayor Spencer closed the public hearing.

MOTION: Moved by Councilmember Welch, seconded by Councilmember Gailey, to uphold Ordinance No 1034 dissolving the Design Review Board and establishing an administrative review process. On vote the motion carried (6-0-0-1).

Action Items:

Resolution 2018-31 Supporting Commercial Air Service at Paine Field: City Administrator Brazel presented the staff report and summarized that commercial air service is scheduled to begin in 2019 at Paine Field. He mentioned with the infrastructure impacts to surrounding communities due to increased operations at Paine Field, Resolution 2018-31 encourages that cities within Snohomish County and Snohomish County itself work together to enter into good faith negotiations with interested airlines to ensure those airlines pay their way to operate at Paine Field and help mitigate those impacts to the county and local jurisdictions. He then responded to Councilmembers' questions.

MOTION: Moved by Councilmember McDaniel, seconded by Councilmember Hilt, to adopt Resolution 2018-31 Supporting Commercial Air Service at Paine Field.

Councilmember Gailey requested a correction to paragraph six in the resolution to be Las Vegas instead of Las Vegans.

VOTE: On vote the motion carried with the requested correction (6-0-0-1).

Resolution 2018-32 re 2019 Community Development Block Grant funding for Frontier Heights Park Improvements: Community Development Director Wright presented the staff

report and summarized that this grant would help with the purchase of playground equipment at Frontier Heights Park.

Councilmember Gailey confirmed that the Mayor is the signing authority for this grant.

MOTION: Moved by Councilmember Daughtry, seconded by Councilmember Hilt, to adopt Resolution 2018-32 re 2019 Community Development Block Grant funding for Frontier Heights Park Improvements, with the correction to Mayor as signing authority. On vote the motion carried (6-0-0-1).

Ordinance 1037 re Utility Taxes: Senior Accountant Roundy presented the staff report and summarized the proposed Ordinance increasing utility taxes and adding one new utility tax. He reviewed changes to the ordinance since the first reading and explained the City of Lake Stevens is one of very few cities in Snohomish County that have not enacted utility taxes on sewer, stormwater, water, or garbage. He also explained that the City has seen steady increases in its levels of service to the public in all areas including public safety, parks, street and stormwater, and that the enactment of utility taxes would help to support those increases. He then responded to questions from Council.

Brenda White, Snohomish County PUD, commented the tax would be a pass-through tax for water and electrical distribution sales only. She commented that the PUD will need time to implement the new tax and requested the time for effective date be extended to February 1, 2019. The PUD is also requesting an opportunity for a joint communication to customers.

City Attorney Rubstello added that this ordinance puts all utility taxes into one chapter, which will be more functional and clearer to people.

Brandt Wood, Snohomish County PUD Assistant General Manager of Water Utilities, commented on the interpretation of gross income and said there is some concern that it applies only to distribution and sales.

Councilmember Petershagen supports the tax on the garbage collection as it directly relates to the impacts of the roadways and is dedicated to the street fund. He said the proposed electric and gas taxes are very slight increases and he can support those, but he has difficulty supporting the tax on stormwater considering the recent increase to stormwater fees and the fact that these taxes would go to the general fund instead of directly to the stormwater fund. He also is concerned that the HOA stormwater ponds have not been revisited.

Mayor Spencer responded that the HOA cost and revenue has been removed from this ordinance, with the thought that if an HOA did request City assistance with stormwater maintenance the HOA would pay that cost.

Councilmember Daughtry has the same concerns as Councilmember Petershagen. He added that the state only allows the City a couple of ways to generate funds, but he has a hard time raising taxes on anyone for any reason. He cannot support the stormwater taxes.

Councilmember Gailey concurred with Councilmembers Petershagen and Daughtry. He added that all the newly generated revenues from these taxes should go to the street funds. Also, he would like a discussion on franchise agreements. Councilmember Gailey requested that each

department complete due diligence and see where 5%, could be cut from the budget before the City raises taxes by approximately 5%.

Mayor Spencer commented the City is spending reserves, and no additional revenue sources are forecasted. He added he would like to do due diligence to see where the line would be if action were to be taken to reduce budgets, and he said it is important to watch for economic triggers that affect City revenues.

Councilmember McDaniel agreed with Councilmember Petershagen's comments on stormwater and Councilmember Gailey's comments on designating the funds to the street fund, but she suggested that it might be limited to a four or five-year time frame and then be re-evaluated.

Councilmember Hilt noted if funds go into street funds they are not encumbered and could be used for sidewalks or other infrastructure. He commented on continued reduction of the reserves balance and said the City is receiving some criticism from the state for not using all funding resources available when applying for grant funding. He is sympathetic to the comments against establishing a tax on stormwater rates when the rates have just been raised. Councilmember Hilt requested to review the tools for budget forecasting quarterly in 2019.

Councilmember Welch has a difficult time with the proposed taxes and agrees with Councilmember Petershagen's comments on not adding a stormwater utility tax at this time.

Councilmember Petershagen commented there are some things that need to be revisited such as economic development and he believes there needs to be some strategic planning.

Mayor Spencer said the City needs to look at putting in some of the infrastructure so the development will come. Mayor Spencer suggesting delaying tonight's action and bringing back the analysis. Council was in consensus.

MOTION: Moved by Councilmember Gailey, seconded by Councilmember McDaniel, to extend the meeting beyond 9:00 p.m. to complete Council business. On vote the motion carried (6-0-0-1).

Approve Resolution 2018-24 re Unification with Sewer District: City Administrator Brazel presented the staff report and summarized the process for the Unified Sewer Services and Annexation Agreement between the City of Lake Stevens and the Lake Stevens Sewer District. He explained Resolution 2017-12 set a twelve month period to completed the work of developing the terms, conditions and process for implementation of Step 2 of the Unification Agreement has expired, and both the City and Sewer District wish to continue working together to successfully implement this step. He also explained the proposed Resolution establishes an additional 12-month period to accomplish this, as well as providing the parties will complete a Risks and Benefits analysis of accelerating the unification by November 29, 2018. He then invited questions from Council and mentioned the Sewer District passed a similar resolution.

MOTION: Moved by Councilmember Daughtry, seconded by Councilmember Welch, to adopt Resolution 2018-24 identifying certain steps to be undertaken with the Lake Stevens Sewer District related to the Unified Sewer Services and Annexation Agreement.

Councilmember McDaniel suggested the completion date be set at 90 days. Councilmember Gailey agreed. Councilmember Petershagen commented this is a complicated issue and to make the process a little easier he suggested passing this resolution as presented.

Mayor Spencer added that Sewer District Commissioners Kosche and Low expressed their desire to complete the Benefits and Risks Analysis by the end of November.

Councilmember McDaniel added unification needs to be a priority for the City to move forward. This has been going on for three years and she would like to see the City be more aggressive in pursuing this merger.

MOTION TO AMEND: Moved by Councilmember McDaniel, seconded by Councilmember Gailey, to amend Resolution 2018-24 to be effective for 90 days. On vote the motion to amend the Resolution carried (6-0-0-1).

VOTE ON MAIN MOTION: On vote the motion carried (6-0-0-1).

Discussion Items:

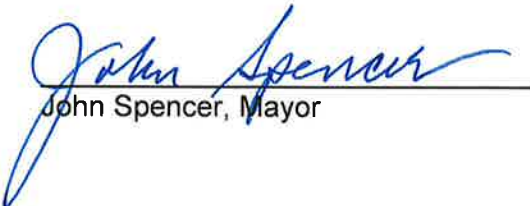
Chamber of Commerce Lease: Staff requested this item be discussed at the next regularly scheduled Council meeting.

Executive Session: Mayor Spencer announced an executive session beginning at 9:12 p.m. and lasting an estimated 18 minutes to discuss a real estate matter, with no action to follow. Mayor Spencer added that if the executive session was less than 18 minutes, the Council would immediately adjourn the regular meeting.

The regular meeting of the City Council reconvened at 9:18 p.m.

Adjourn:

Moved by Councilmember Hilt, seconded by Councilmember Daughtry, to adjourn the meeting at 9:18 p.m. On vote the motion carried (6-0-0-1).



John Spencer, Mayor



Kathy Pugh, City Clerk