10. CALL TO ORDER - The December 9, 2013 Business Meeting of the Lynnwood City Council, held in the Council Chambers of Lynnwood City Hall, was called to order by Mayor Gough at 7:00 p.m. The flag salute was led by Councilmember Goodwin.

ROLL CALL

Mayor Don Gough
Council President Loren Simmonds
Council VP Sid Roberts
Councilmember Mark Smith
Councilmember Kerri Lonergan-Dreke
Councilmember Benjamin Goodwin
Councilmember Van AuBuchon
Councilmember M. Christopher Boyer
Asst. City Administrator Art Ceniza
Council Assistant Beth Morris

Others Attending:
Finance Director Hines
Budget Analyst Harrigan
Public Works Director Franz
Deputy Public Works Director Elekes
Comm. Devt. Deputy Director Loch
Senior Planner Rivera
Ec. Devt. Director Kleitsch
Parks and Rec. Director Sordel
City Attorney Larson

30. APPROVAL OF MINUTES

Motion made by Councilmember AuBuchon, seconded by Council President Simmonds, to approve the minutes of:

A. Work Session – November 20, 2013
B. Business Meeting – November 25, 2013
C. Work Session – December 2, 2013

Councilmember AuBuchon referred to line 27 on page 30A-2 of the November 20, 2013 minutes and clarified that the raise in salary is from $75 to $85 per hour.

Motion passed unanimously to pass the minutes as amended.

40. MESSAGES AND PAPERS FROM THE MAYOR

Mayor Gough noted that the flags at Lynnwood government facilities would remain at half-staff until next Saturday which is the burial for former President Nelson Mandela. He noted that this is also the unfortunate anniversary of the Sandy Hook Elementary School massacre.

Mayor Gough then offered words of advice to the newly elected officials.
50. CITIZENS COMMENTS AND COMMUNICATIONS

Maria Ambalada, 4515 – 176th Street SW, Lynnwood, WA, thanked Mayor Gough for spearheading the Diversity Task Force many years back and for his years of service. She said goodbye to those who are leaving and welcomed newcomers.

Andrew Harmon, Provail, 1255 Aurora Ave. N., Seattle, WA, stated that he is a job developer for individuals with development disabilities. He has been working over the past 1½ years with the City of Seattle on their Initiative on Supported Employment. He encouraged the City of Lynnwood to consider getting involved with this.

Stewart Mhyre, Edmonds School District #15, 20220 – 68th Avenue W, Lynnwood, WA 98036, thanked the Council for their support of the complex Lynnwood Place Project as it moves forward. He requested that they also support the extension of the filing date which will be on the agenda later tonight.

Ted Hikel, 3820 – 191st Place SW, Lynnwood, WA 98036, complimented three councilmembers who were elected two years ago on the high level of civility they have brought to the City Council. He encouraged the newly elected councilmembers and mayor to emulate their collegiality. He stated that he was honored to serve with the four Lynnwood mayors who have served the City over the past 45 years that he has lived here. For the past 18 years, Councilmember and now Mayor Don Gough has served the City in many ways. Mr. Hikel highlighted Mayor Gough’s achievements and commended his character. He thanked him for his years of service.

Mark Dreke, 20403 – 63rd Place W, Lynnwood, WA 98036, thanked Mayor Gough for his service and noted that the public has spoken through the recent election.

60. PRESENTATIONS AND PROCLAMATIONS - None

A. Presentation by Washington Finance Officers Association to City of Lynnwood

Finance Director Hines presented Resolution 2013-01 from the Washington Finance Officers Association thanking the City of Lynnwood among others for hosting the WFOA 58th Annual Conference. Marilou Moore, WFOA Past President, thanked the City of Lynnwood for its involvement and assistance in the conference which was a tremendous success. She also presented Certificates of Appreciation to Kim Demmert and Fran Harrigan for their diligent support, remarkable leadership, and outstanding involvement for a successful conference. Finally, Lorenzo Hines presented Kim Demmert with a Certificate of Training to signify the fact that she is now a certified Public Funds Investment Manager.

B. Newly Elected – Oath of Office

Judge Moore administered the Oath of Office to the newly elected Mayor and Councilmembers: Mayor-Elect Nicola Smith, Councilmembers-Elect M. Christopher Boyer, Ruth Ross, and Ian Cotton.
70. WRITTEN COMMUNICATIONS AND PETITIONS - None

80. COUNCIL COMMENTS AND ANNOUNCEMENTS

80.1 Mark Smith stated that it has been a pleasure and an honor to serve the residents of Lynnwood over the past eight years. He relayed a story and some of his proudest moments. He thanked staff, his colleagues on the Council, Mayor Gough, his parents, his children, and his wife. He wished the new elected officials well.

80.2 Kerri Lonergan-Dreke thanked the citizens of Lynnwood for giving her the opportunity to serve the community. She acknowledged the fabulous staff at the City of Lynnwood for their support. Some changes she thinks need to happen moving forward are: improved Council communication to the constituents in the Inside Lynnwood publication, more public-private partnerships, a “citizen-first” mentality throughout the city, and immediate implementation of the Priorities of Government or Budgeting for Outcomes. She also thanked the other councilmembers and especially her husband Mark for his support.

80.3 Benjamin Goodwin thanked those that are leaving for their service and congratulated the newly elected officials. He wished everyone happy and safe holidays. He recognized the Lynnwood High School Students of the Month for November, Kaleb Decker and Claire Westburg.

80.4 Sid Roberts thanked those who are leaving the Council for their service. He expressed appreciation for Mark Smith and Kerri Lonergan-Dreke’s passion. He thanked Mayor Gough for his professionalism in terms of running a meeting.

80.5 Loren Simmonds thanked everyone for coming and thanked his colleagues for their service. He welcomed the newly elected Mayor and councilmembers.

80.6 Van AuBuchon echoed the sentiments of gratitude from his colleagues. He welcomed the opportunity to work with the newly elected officials.

80.7 M. Christopher Boyer welcomed the two new councilmembers and Mayor-Elect Smith. He thanked his three colleagues who are leaving the podium.

Council recessed from 8:11 to 8:18 p.m.

90. BUSINESS ITEMS AND OTHER MATTERS

90.1 UNANIMOUS CONSENT AGENDA

Council Vice President Roberts moved for unanimous consent of the following items:

A. Contract: Judicial Services – ORDINANCE and CONTRACT

B. Agreements - Amendment & New - Funding Authorization: State Energy Performance Contracting
1) Authorize the Mayor to enter into and execute on behalf of the City, an Amendment to the original Interagency Agreement with the Washington State Department of Energy Services (DES) (which is reduced from $230,633 to $206,809).

2) Authorize the Mayor to enter into and execute on behalf of the City, a new Agreement and Funding Authorization for an Investment Grade Audit by TRANE, for a new amount of $466,736, making the new total of both Agreements $673,545.

C. I-5/196th St SW Interchange Pedestrian Improvements - Settlement of Potential Claim
Authorize the Mayor to enter and execute on behalf of the City, a "Mutual Release and Settlement Agreement", between the City of Lynnwood and Tri-State Construction Inc., arising out of the I-5/196th Street SW Interchange Pedestrian Improvements, City Project #1210, in an amount for $70,000.00.

D. Approval: Replacement of Old City Computers
Authorize the Mayor to purchase 100 units for purchase/deployment in December 2013 and 140 units for purchase/deployment in February-March 2014. The total cost for both purchases will not exceed $250,000 (including tax).

E. Procurement of Consultant Services for Review of Information Services Division
Authorize the Mayor to procure consultant services to evaluate and make recommendations regarding the City Of Lynnwood’s Information Services Division as outlined in Mayor Gough’s memo dated November 4, 2013 – Procurement of Consultant Services for Review of ISD. Total cost not to exceed $30,000.

F. Agreement: Lynnwood Place Drainage Facility
1) Authorize the Mayor to sign the Drainage Facility Maintenance Covenant and Hold Harmless Agreement for the Lynnwood Place Project Phase 1.

2) Authorize staff to conform the draft agreement and related documents to the City Council decision.

G. Voucher Approval
Approve claims and payroll in the amount of $2,147,660.91 and $1,051,942.91 respectively.

Motion passed unanimously.

90.2 PUBLIC HEARINGS OR MEETINGS - None

90.3 UNFINISHED BUSINESS - None

90.4 OTHER BUSINESS ITEMS

Mayor Gough announced the re-ordering of some of the items on the agenda.
A. Ordinance: Amending Section 2.19.044 of the Lynnwood Municipal code relating to Compensation of the City’s Municipal Judge

Motion made by Councilmember Boyer, seconded by Council President Simmonds, to adopt Ordinance No. 3034, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, RELATING TO THE COMPENSATION OF THE CITY’S MUNICIPAL JUDGE AND JUDGES PRO-TEM; AMENDING SECTION 2.19.044 OF THE LYNNWOOD MUNICIPAL CODE; AND PROVIDING FOR AN EFFECTIVE DATE, SEVERABILITY AND SUMMARY PUBLICATION.”

Mayor Gough reviewed the changes which were not shown on the underline/strikeout version. Councilmember Boyer explained that earlier on the agenda, the Council authorized the Mayor to enter into a contract that matches this ordinance, but the compensation must be set by ordinance.

Upon a roll call vote, the motion passed unanimously (7-0).

B. 2014-2019 Capital Facilities Plan (CFP) and Ordinance

Councilmember Hines distributed a revised Ordinance and indicated that only the dates were changed.

Motion made by Council President Simmonds, seconded by Council Vice President Roberts, to adopt the slightly revised Ordinance No. 3035 as distributed by Director Hines at the meeting, “AN ORDINANCE ADOPTING THE CAPITAL FACILITIES PLAN FOR THE CITY OF LYNNWOOD FOR THE PERIOD 2014 THROUGH 2019; AND PROVIDING FOR AN EFFECTIVE DATE, SEVERABILITY, AND SUMMARY PUBLICATION” with the intent that the errata sheet changes be included in the changes to the text.

Council President Simmonds explained the need for this item. Councilmember Smith asked for confirmation that only the dates on the Ordinance had been changed. Director Hines confirmed that on the first line of the fifth paragraph on page 2 the date was changed from December 9 to November 25.

Upon a roll call vote, the motion passed unanimously (7-0).

C. 2013-2014 Mid Biennial Amendments

Finance Director Hines distributed and reviewed several documents including: Executive Summary of the cash impacts of the proposed amendments. He explained the difference between cash and budget authority. The “long sheet” he distributed shows what the bottom-line cash impact is going to be of cash-related amendments. Some amendments have no cash impact, but budget authority is still needed.
Councilmember Boyer pointed out a discrepancy between numbers relating to the re-establishment of the Information Services Manager position. Director Hines stated that the ordinance simply contains a transposition of two numbers.

Motion made by Council Vice President Roberts, seconded by Council President Simmonds, to adopt Ordinance No. 3036, “AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, ADOPTING MODIFICATIONS TO THE 2013-2014 BIENNIAL BUDGET; PROVIDING FOR TRANSMITTAL OF THE BUDGET MODIFICATION TO THE STATE; AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE AND SUMMARY PUBLICATION.”

Mayor Gough asked for more information about what would happen if there are revenue changes. Director Hines distributed another packet of information and discussed different revenue scenarios. Mayor Gough then asked what the net delta increase in the water sewer rates which were just adopted, noting that the tax relates to that water sewer rate structure. Director Hines did not have that information accessible. Mayor Gough commented that one of Director Hines’ assumptions is that it is all an expenditure and not an increase. However, Mayor Gough stated that there will be an increase because it is a percentage tax based on a higher base of the water sewer rate structure.

Councilmember Smith remarked that he had asked the same question at the last work session, and he thought Director Hines’ response was that the increases in the sewer and water rates that the Council passed were figured into these numbers. Director Hines disagreed, and explained that what he was discussing was his projections that they will increase by 1.3% just based on historical trends, not the actual rate structure that has been adopted. Councilmember Smith referred to the long sheet under business taxes where a 1.3% annual increase is estimated and asked for confirmation that this does not factor in the increase in rates. Director Hines replied that the increase in rates was not part of the calculation. 1.3% may be right, but it may be off as well.

Council Vice President Roberts asked for confirmation that the increased rates for water, sewer, and stormwater goes into Stormwater. Director Hines confirmed that. Council Vice President Roberts noted that currently they are talking about General Fund. Director Hines commented that they are talking about a tax on what goes into the Utility Fund within the General Fund.

Councilmember Smith noted that some of the increases in water and sewer rates were substantial so it would substantially increase the base beyond the 1.3%. He commented that if the Council chooses to reduce taxes, it may reduce the tax benefit to the residents of Lynnwood without reducing the revenue because of the rate structure increase. Director Hines thought that was possible, but said he did not have the data to substantiate whether it was accurate or not.

Mayor Gough referred to page 6 of the packet just distributed entitled Long-term Impact of Reducing Shifting to FTE: Loss $250,000 and asked Director Hines to review it. Director Hines referred to the third line from the top that says, “January 1, 2014 Implementation – Loss of $250,000.” This was his first estimate as to the
impact of shifting the business license policy from an employee based policy to an FTE-based policy. The affects the cash balance, going from $9.812 million down to $5.969 million. There is a chart following that page entitled, Reduced BL Tax: $250K which shows the initial cash position compared to the $250,000 reduction. The next page show the January 1, 2014 Implementation resulting in a loss of $500,000. This is a reduction in the base due to the decrease in Licenses, Permits, and Franchise. This will also affect the cash balance in 2018 from $9.8 million down to $4.686 million. He discussed a spreadsheet he provided showing the calculations he is using to determine what the financial impact of the FTE policy move would be.

Director Hines stated that he released a memo on November 30, 2012 where he had initially released the business license policy from a per employee to an FTE based policy. Per the suggestion of the Council at that time, they looked at the City of Redmond who has an FTE based system. One of the things he noticed with the City of Redmond is that they have a lot more staff during business licensing than the City of Lynnwood (4-6 FTE compared to .5 FTE). Therefore, the extra incremental amounts on one of his budget summaries a few weeks ago that included a range from $250,000 to $750,000 took extra staff into consideration. Mayor Gough added that the FTE workload issues were brought up to Council in the spring of 2013 together with a further analysis with regard to the estimation of the impact of the rate change. Director Hines commented that the documents were passed out at the mid-biennial as well.

Councilmember Smith asked where the information about extra staff being included in the $250,000 to $750,000 range could be found. Director Hines said he released an estimate to Council on Friday. He then reviewed detailed information comparing Lynnwood and Redmond.

Councilmember AuBuchon asked if contract employees were included in these calculations. Director Hines did not think they were. Councilmember AuBuchon then asked where savings related to technology, such as MUNIS, is taken into consideration in the calculations. Director Hines indicated this would be looked at later in the process. Councilmember AuBuchon asked if the City would continue to use a third party to collect the taxes. Director Hines and Mayor Gough were not sure what he was referring to, but indicated they would follow up on it.

Councilmember Lonergan-Dreke pointed out that one of the budget amendments is the additional $1 million to be used for the HVAC mitigation. She believes that it is realistic to assume that the City will recoup a good chunk of those expenses in the next year. Director Hines concurred. Councilmember Lonergan-Dreke encouraged the Council to keep this in mind.

Director Hines referred to page 90.4-C-12, line 16, under Parks and Rec, and noted that the $1.5 million for the HVAC was inadvertently left off. $294,485 should be replaced with $1,794,485.

Councilmember Smith referred to page 90.4-C-12, line 46, and asked about the $222,000 increase in the Golf Course Fund. Director Hines replied that $192,485
is for the forgiveness of the loan. The hitting area is also included here. Mayor Gough pointed out that it was already included in the budget. Director Hines explained that they need to determine if they are going to expense it out of the Golf Fund or out of the General Fund. Mayor Gough thought that the decision had already been made in the original budget last year. Director Hines indicated they would double-check on that. Councilmember Smith spoke in support of removing the $192,000 loan forgiveness item as well as the hitting cage funds. Councilmember Smith asked if all of the items on page 90.4C-2 through C-9 are reflected in the Exhibit. Director Hines confirmed that they are.

Director Hines stated that the $5 million for the Seabrook property acquisition is not rolled into this information yet. He noted that it could be added now or it could be added later when the deal is more imminent. Councilmember Smith commented that there are now two items that were left off of this amendment that the Council is supposed to vote on tonight as well as an item of rate structure that the Council has known about, but is not factored in. He suggested taking a break to review this to make sure that the document is up to date before proceeding.

Council recessed from 9:42 to 9:52 p.m.

Motion made by Council President Simmonds, seconded by Council Vice President Roberts, to schedule a Special Business Meeting for Wednesday, December 11 at 7:00 p.m. in order to resume the discussion on the 2013-2014 Mid-Biennial Amendments (90.4C) and the Ordinance: 2013-2014 Revenues (90.4D) due to time constraints at this meeting. Motion passed unanimously.

D. Ordinance: 2013-2014 Revenues – Moved to Special Business Meeting 12/11

H. Ordinance: Extension of Date for filing Lynnwood High School Development Agreement

Motion made by Councilmember Boyer, seconded by Council President Simmonds, to adopt Ordinance No. 3037, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OFLYNNWOOD, WASHINGTON, RELATING TO AN AMENDMENT TO THE FUTURE LAND USE MAP OF THE CITY OF LYNNWOOD 2020 COMPREHENSIVE PLAN; AMENDING SECTION 1 OF ORDINANCE NO. 2976; AND PROVIDING FOR AN EFFECTIVE DATE, SEVERABILITY AND SUMMARY PUBLICATION.”

Councilmember Goodwin recused himself from this issue due to his employment with Costco.

Councilmember Boyer explained that this is an amendment to the Future Land Use Map relating to the fact that there needs to be an extension in the process with Lynnwood Place.

Upon a roll call vote, the motion passed unanimously (6-0).
Motion made by Councilmember Boyer, seconded by Council President Simmonds, to adopt Ordinance No. 3038, “AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, RELATING TO AN AMENDMENT TO THE CITY OF LYNNWOOD OFFICIAL ZONING MAP; AMENDING SECTION 1 OF ORDINANCE NO. 2978; AND PROVIDING FOR AN EFFECTIVE DATE, SEVERABILITY AND SUMMARY PUBLICATION.”

Councilmember Boyer explained that this is an amendment to the Official Zoning Map relating to the fact that there needs to be an extension in the process with Lynnwood Place. It was noted that Councilmember Goodwin was still out of the room.

Upon a roll call vote, the motion passed unanimously (6-0).

Motion made by Councilmember Boyer, seconded by Councilmember Smith, to extend the meeting from 10:00 p.m. until the completion of items 90.4 E, F, and G. Motion passed unanimously.

I. Executive Session

Council recessed into Executive Session for 20 minutes for the stated purposes of discussion regarding potential litigation issues and receiving legal advice on potential courses of action from 10:07 to 10:27 p.m. A 10-minute extension until 10:37 was announced at 10:27 p.m. The Regular Business Meeting resumed at 10:37 p.m.

Mayor Gough noted that Councilmember Goodwin was back with the Council.

E. Ordinance: Extension of Moratorium – Recreational Marijuana

Motion made by Council President Simmonds, seconded by Councilmember Goodwin, to adopt Ordinance No. 3039, “AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, EXTENDING FOR SIX MONTHS THE CITY’S MORATORIUM ON THE ACCEPTANCE AND FILING OF APPLICATIONS FOR, AND THE LICENSING, ESTABLISHMENT, LOCATION, OPERATION, MAINTENANCE AND CONTINUATION OF MARIJUANA BUSINESSES AND MARIJUANA OPERATIONS UNDER WASHINGTON STATE INITIATIVE NO. 502; AMENDING SECTION 5 OF ORDINANCE NO. 2998; PROVIDING FOR SEVERABILITY; AND ESTABISHING AN EFFECTIVE DATE.”

Council President Simmonds explained that the background and summary of this is beautifully stated by Gloria Rivera on page 90.4E-1 -4 in the packet. He summarized that this would extend the previously enacted moratorium for another six months.

Upon a roll call vote, the motion passed unanimously (7-0).
F. Ordinance – Extension of Moratorium – Medical Marijuana

Motion made by Council President Simmonds, seconded by Council Vice President Roberts, to adopt Ordinance No. 3040, “AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, EXTENDING FOR SIX MONTHS THE CITY’S MORATORIUM ON THE ACCEPTANCE AND FILING OF APPLICATIONS FOR, AND THE LICENSING, ESTABLISHMENT, LOCATION, OPERATION, MAINTENANCE AND CONTINUATION OF MEDICAL CANNABIS COLLECTIVE GARDENS; AMENDING SECTION 5 OF ORDINANCE NO. 2999: PROVIDING FOR SEVERABILITY; AND ESTABISHING AN EFFECTIVE DATE.”

Council President Simmonds restated that the background and summary of this is beautifully stated on page 90.4E-1 -4 in the packet. He summarized that this would extend the previously enacted moratorium for another six months.

Upon a roll call vote, the motion passed unanimously (7-0).

G. Ordinance: Prohibition of Marijuana Operations in Residential Zones

Deputy Director Loch explained that this would establish interim controls for marijuana-related uses by precluding them from locating within residential areas. It would have a lifespan of six months and would be in place until that expires or until the Council repeals it prior to the six months period.

Motion made by Council Vice President Roberts, seconded by Councilmember Lonergan-Dreke, to adopt Ordinance No. 3041, “AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, ADOPTING FINDINGS OF FACT, ESTABLISHING INTERIM ZONING CONTROLS FOR MARIJUANA BUSINESSES, FACILITIES, AND LICENSES IN SINGLE FAMILY AND MULTIFAMILY RESIDENTIAL AREAS; PROVIDING A TERM OF SIX MONTHS, PROVIDING FOR A WORK PROGRAM FOR PERMANENT ZONING AND/OR LICENSING CONTROLS, DECLARING AN EMERGENCY, ESTABISHING AN EFFECTIVE DATE; AND PROVIDING FOR SEVERABILITY.”

Council Vice President Roberts explained that this dovetails with the previous two ordinances.

Councilmember Boyer pointed out that although they are taking rapid action on these tonight, this has been the subject of extensive Council conversation and debate in addition to staff briefings.

City Attorney Larson stated that under state law, if this Ordinance is passed, a hearing will be held on it within 60 days.

Upon a roll call vote, the motion passed unanimously (7-0).
Mayor Gough announced that Ordinance No. 3041 was adopted unanimously. Pursuant to state law, the super majority necessary for declaring an emergency and bringing it forward has also been met.

100. NEW BUSINESS - None

110. ADJOURNMENT

The meeting was adjourned at 10:50 p.m.

______________________________
Don Gough, Mayor

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Lorenzo Hines, Jr.
Finance Director