

## REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES

October 2, 2008

The regular study session of the Des Moines City Council was called to order by Mayor Sheckler at 7:35 p.m. in the Council Chambers, 21630 11<sup>th</sup> Avenue South, #B.

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

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

### EXECUTIVE SESSION

At 7:37 p.m. City Attorney Bosmans announced that Council will be in an Executive Session for 30 minutes to discuss potential and pending litigation.

At 8:00 p.m. City Manager Piasecki announced that Council will be extending the Executive Session for 15 more minutes.

Regular Meeting was called to order at 8:21 p.m. by Mayor Sheckler.

### DISCUSSION ITEMS:

#### 2009 Revenue Estimates

Finance Director Paula Henderson proceeded with a power point presentation. The general governmental operating funds for the City include the general and street funds. General taxes, licenses, fees, permits, intergovernmental revenues, and other miscellaneous revenues support these two funds. The general and street funds include expenditures for general governmental purposes: legislative, executive, judicial, legal, finance, police, public works, community development, and parks, recreation, senior services and programs. Therefore, the financial performances of the two funds are combined.

The revenue forecast for 2009 reflects the economic slowdown with revenue estimates 1.4% below the 2008 adopted budget. The Washington State Revenue Forecast published June 2008 assumes a near-recessionary state in the fourth quarter of 2008 and the first half of 2009.

The following schedule provides the 2009 and 2010 revenue forecasts for the general and street funds in comparison to 2007 yearend results, 2008 year-to-date through August and 2008 yearend estimates, and 2008 adopted budget by revenue source. The 2009 and 2010 revenue forecasts are in columns with and without one-time revenues.

City of Des Moines, Washington  
 REVENUE FORECASTS

General Fund for the Years 2007-2010:

	2007 Actual	2008		Year End Estimate	2009 Preliminary Budget	2009 wo One-Time Budget	2010 Preliminary Budget	2010 wo One-Time Budget	Variance % Chg	
		Adopted Budget	8 Mo 31-Aug						'08-'09	'09-'10
<b>Revenues</b>										
Taxes	\$ 9,891,185	\$ 10,499,208	\$ 6,455,720	\$ 9,935,461	\$ 10,468,070	\$ 10,226,100	\$ 10,962,580	\$ 10,629,100	-0.3%	4.7%
Licenses & Permits	1,469,961	1,749,146	1,104,325	1,694,201	1,207,466	1,045,892	2,262,470	1,131,689	-31.0%	87.4%
Intergovernmental	832,818	860,517	474,781	865,515	880,920	880,920	869,617	869,617	2.4%	-1.3%
Charges for Services	1,671,912	2,001,873	1,601,919	2,504,719	2,498,377	1,651,777	2,578,436	1,848,946	24.8%	3.2%
Fines & Forfeits	238,350	300,000	209,955	320,600	314,500	314,500	330,000	330,000	4.8%	4.9%
Interfund Revenues	820,074	1,169,398	663,323	1,078,839	1,171,840	1,171,840	1,215,095	1,215,095	0.2%	3.7%
Interest Earnings	122,476	187,500	104,110	159,511	120,000	120,000	120,000	120,000	-36.0%	0.0%
Miscellaneous	233,155	162,880	235,788	282,796	135,435	135,435	135,924	135,924	-16.8%	0.4%
Operating Transfers-In	161,605	69,264	55,995	69,264	-	-	-	-	-100.0%	N/A
Sale of Fixed Assets	8,166	-	252	252	-	-	-	-	N/A	N/A
Insurance Recoveries	-	-	-	2,000	-	-	-	-	N/A	N/A
<b>Total Revenues</b>	<b>\$ 15,449,722</b>	<b>\$ 16,999,786</b>	<b>\$ 10,908,169</b>	<b>\$ 16,907,098</b>	<b>\$ 16,796,608</b>	<b>\$ 15,546,464</b>	<b>\$ 18,474,122</b>	<b>\$ 16,280,371</b>	<b>-1.2%</b>	<b>10.0%</b>

Street Fund for the Years 2007-2010:

	2007 Actual	2008		Year End Estimate	2009 Preliminary Budget	2009 wo One-Time Budget	2010 Preliminary Budget	2010 wo One-Time Budget	Variance % Chg	
		Adopted Budget	8 Mo 31-Aug						'08-'09	'09-'10
<b>Revenues</b>										
Taxes	\$ 217,470	\$ 213,000	\$ 127,198	\$ 221,349	\$ 213,000	\$ 213,000	\$ 213,000	\$ 213,000	0.0%	0.0%
Intergovernmental	713,068	728,000	433,017	658,859	683,100	683,100	688,900	688,900	-6.2%	0.8%
Interest Earnings	24,084	15,000	5,987	8,604	8,000	8,000	8,000	8,000	-46.7%	0.0%
Miscellaneous	2,351	1,000	22,468	22,804	2,000	2,000	2,000	2,000	100.0%	0.0%
Operating Transfers-In	-	-	-	-	-	-	-	-	N/A	N/A
<b>Total Revenues</b>	<b>\$ 956,973</b>	<b>\$ 957,000</b>	<b>\$ 588,670</b>	<b>\$ 911,616</b>	<b>\$ 906,100</b>	<b>\$ 906,100</b>	<b>\$ 911,900</b>	<b>\$ 911,900</b>	<b>-5.3%</b>	<b>0.6%</b>

Grand Total General & Street  
 Funds

	\$ 16,406,695	\$ 17,956,786	\$ 11,494,839	\$ 17,818,714	\$ 17,702,708	\$ 16,452,564	\$ 19,386,022	\$ 17,192,271	-1.4%	9.5%
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Combined:

Taxes	\$ 10,108,655	\$ 10,712,208	\$ 6,582,918	\$ 10,156,810	\$ 10,681,070	\$ 10,439,100	\$ 11,175,580	\$ 10,842,100	-0.3%	4.6%
Licenses & Permits	1,469,961	1,749,146	1,104,325	1,694,201	1,207,466	1,045,892	2,262,470	1,131,689	-31.0%	87.4%
Intergovernmental	1,545,888	1,588,517	907,798	1,524,374	1,564,020	1,564,020	1,558,517	1,558,517	-1.5%	-0.4%
Charges for Services	1,671,912	2,001,873	1,601,919	2,504,719	2,498,377	1,651,777	2,578,436	1,848,946	24.8%	3.2%
Fines & Forfeits	238,350	300,000	209,955	320,600	314,500	314,500	330,000	330,000	4.8%	4.9%
Interfund Revenues	820,074	1,169,398	663,323	1,078,839	1,171,840	1,171,840	1,215,095	1,215,095	0.2%	3.7%
Interest Earnings	146,559	202,500	110,097	162,115	128,000	128,000	128,000	128,000	-36.8%	0.0%
Miscellaneous	235,507	163,880	258,257	305,540	137,435	137,435	137,924	137,924	-16.1%	0.4%
Operating Transfers-In	161,605	69,264	55,995	69,264	-	-	-	-	-100.0%	N/A
Sale of Fixed Assets	8,166	-	252	252	-	-	-	-	N/A	N/A
Insurance Recoveries	-	-	-	2,000	-	-	-	-	N/A	N/A
<b>Total Revenues</b>	<b>\$ 16,406,695</b>	<b>\$ 17,956,786</b>	<b>\$ 11,494,839</b>	<b>\$ 17,818,714</b>	<b>\$ 17,702,708</b>	<b>\$ 16,452,564</b>	<b>\$ 19,386,022</b>	<b>\$ 17,192,271</b>	<b>-1.4%</b>	<b>9.5%</b>

Upon questioning, does this include one-time revenues. Finance Director Henderson reaffirmed that it did. She pointed out that 60 % of our revenues are taxes.

Councilmember Kaplan queried why the revenues show an increase.

Finance Director Henderson stated she looks at history in regard to utility tax increases and is basing her data on such history.

City Manager Piasecki explained that the utilities came forward with an estimate of 9 % increase to their rates as a result of a credit that they will receive because of the Bonneville Power Agreement. They are requesting 3% be withdrawn of the 9%. The net effect is about a 6 ½ % increase.

Upon questioning what is a zoning fee. Land Use Planner II Sullivan advised it is payment for City land use fees for Des Moines Creek Business Park.

City Manager Piasecki clarified that there is a Zoning Fee component and The Plan Check Fee component. When viewing the 2010 budget, the \$715,000.00, is the Plan Check fee mostly for the Des Moines Creek Business Park.

Councilmember Thomasson queried will any activity in the local market delay this project.

PBPW Director Fredricks responded subdivisions, except for South Shore, are moving forward. The City has received 27 individual building permit applications for the Grace View Project. Twelve permits have been already been issued. Regarding commercial projects, there is active construction on the 2 projects up on Pacific Highway South and architects for the downtown projects are moving ahead. Parkside School has just begun construction. Landmark on the Sound is close but has not been included in the Finance Directors estimates because until the City receives new applications the project is below the 50% confidence level. Des Moines Creek Business Park negotiations are proceeding slowly due to economics. The Port of Seattle is committed to working with their developer to move the project forward.

City Manager Piasecki referred to money for roads. The agreement stated that by October 1<sup>st</sup>, 2008 the money will be in an escrow account and the City will not receive the money until the project is approved.

Councilmember Kaplan queried what is the chance of the \$950,000 in zoning fees and land clearing permits actually occurring in 2009. Is it better to assume fees will be received in 2010.

PBPW Director Fredricks noted there is constant change and we are working on refining our budget. He is confident that in a few weeks he will have more information to make a budget forecast.

City Manager Piasecki stated that this issue will be reviewed each time the Council has a budget meeting before the final budget is adopted.

Finance Director Henderson stated property taxes have a 4% increase due to the levy lid lift. Three percent of the 4% is transferred to our police services restoration fund. Overall General

and Street Funds have \$2.9 million in property tax revenue. The City assumed a 5% increase in the assessed valuation for 2010. King County valued \$42 million in new construction giving the City an additional \$63, 256.

City Manager Piasecki added that new construction includes remodeling and addition to homes.

Finance Director Henderson clarified that jurisdictions are only allowed a 1% increase in their total property tax collections.

Mayor Sheckler queried about the Streamlined Sales Tax (S.S.T.), Finance Director Henderson referred to estimates from the Department of Revenue that stated the City should expect approximately \$840,000 on an annual basis.

Mayor Sheckler queried why is the City's S.S.T. total so low, Finance Director Henderson stated it may be contributed to businesses not reporting correctly or incorrect Department of Revenue estimates.

City Manager Piasecki noted staff will continually research the reasons for such low figures on the S.S.T.'s. This figure will be reviewed at each budget meeting.

Finance Director Henderson state that she studied the State of Washington's economic forecast published in June 2008, and they expect near recessionary state in the 4<sup>th</sup> quarter of 2008 and the 1<sup>st</sup> half of 2009. Year-to-date sales taxes through September for the City of Des Moines were down 3.8%. She continued with Business and Occupation Tax totaling \$721,000 in 2007. Finance Director Henderson used this figure in forecasting the City's budget for 2009 and 2010. She commented that internet sales are a part of the City's base. Franchise fees are forecast to increase 3.9% and 5% over the 2008 yearend estimates. A 5.5% rate increase for cable T.V. and solid waste has a 3.7% increase which took effect July 1, 2008. There is some downsizing in solid waste this year. Utility taxes show a double digit rate increase in electricity and natural gas.

The City will investigate whether Dish TV is required to pay utility tax.

Finance Director Henderson continued with Leasehold Gambling and Parking taxes. Leasehold taxes are down in 2009 by \$25,000. The Marina needs to be reassessed. Rentable space at the Marina needs to be addressed. There are 3 businesses in town that are providing gambling tax revenue source (pull tabs exclusively). The City receives parking tax from Redondo.

Mayor Pro Tem Sherman queried why such low revenue from gambling.

City Manager Piasecki stated that the smoking ban passed making competition difficult for non-tribal card rooms to survive. The card room that used to exist in the City, provided about \$200,000 in revenue a year, closed and a card room that was in the planning stages did not come to fruition.

Finance Director Henderson pointed out the reduction of fuel tax revenue in 2008 is the result of higher prices and thus people were driving less.

City Manager Piasecki stated most of the City of Des Moines court revenue comes from the traffic section.

Finance Director Henderson noted that the September 2008 net local government investment pool rate was 2.39%. \$4 million is invested outside of the pool. Those yields range from 2.96% to about 4.46%.

Councilmember Thomasson queried did the State investment pool have any investments that showed a loss of principle that would offset the interest earnings.

Finance Director Henderson answered that the State did invest in the government agencies, which are technically mortgage-backed securities. King County was in a different mortgage-backed security.

At 9:23 p.m. Mayor Sheckler announced a break until 9:30 p.m.

At 9:30 p.m. the Council reconvened into a Study Session

#### Downtown Planning

Planning, Building & Public Works Director Fredricks stated staff's goal is to

1. Confirm the direction given by Council on September 11th, specifically Council's priorities for the Storefront Studio Report - Des Moines Marina District Enhancement Plan.
2. Receive direction on 5 items not previously discussed that were on the September 11<sup>th</sup> Agenda.
3. Review a proposal crafted by Ralph Nichols, PBPW Director Fredricks, City Manager Tony Piasecki, Planning Manager Denise Lathrop, and Land Use Planner II Jason Sullivan

PBPW Director Fredricks stated staff has crafted some ordinances regarding downtown parking that will be discussed in the future. He asked Council to review the 11 items staff believed were prioritized by Council for downtown planning.

1. North & South Gateway improvements.
2. Design guidelines for Downtown modeled on those of Pacific Ridge.
3. Marine View Drive sidewalk and bus shelter improvements.
4. Subarea plan including street and pedestrian improvements on the S. 223<sup>rd</sup> corridor
5. Marina Entrance improvements
6. Pedestrian & streetscape improvements on 227<sup>th</sup> west of MVD S.
7. Marina/Beach Park improvements including waterfront benches, boardwalk extensions and new shelters.
8. Sea Serpent art sculptures along the breakwater and S. 223<sup>rd</sup>.
9. A Public Arts Plan with priority on murals, interpretive Marina railing display, history trail and marina street furnishings.
10. Preliminary planning for a new hill-climb building/parking structure with elevator on the Marina floor at S. 223<sup>rd</sup>.
11. Preliminary planning for the Des Moines Elementary School site with Highline School District.

After reviewing the list, Council confirmed priority of items listed by staff.

PBPW Director Fredricks introduced Planning Manager Denise Lathrop.

Planning Manager Lathrop then proceeded with a power point presentation to discuss items listed indicating which items were high, medium and low priorities.

#### North and South Gateway Improvements

Planning Manager Lathrop stated the North and South Gateway improvements included murals and would possibly have some business support.

Councilmember Thomasson supports murals as long as the City doesn't have to pay for them. He does not support a fence in front of the Yacht Club.

Mayor Pro Tem Sherman noted the arched sign design for the entrance to the Des Moines Marina was attractive.

Planning Manager Lathrop queried the Council if there is any other signage depicting the Marina District they would approve.

Councilmember Pina stated he is not excited about large murals. He prefers murals on a smaller scale such as the one on 216<sup>th</sup>. He likes signs on posts with perhaps a "Welcome to Des Moines Marina" painted on them.

Councilmember White said a sign at the marina entrance would be nice. She is not in favor of murals all over town. She would like a sign at the other end of town. She favors the working draft vision statement.

**MOTION** was made by Councilmember White to adopt the following working Downtown/Marina District planning vision and mission statements to guide staff planning activities with the understanding that the Downtown/Marina District Vision Statement will not be finalized until planning has substantially progressed or been completed.

**MOTION** dies for lack of a second.

Councilmember Scott stated she would prefer more practical applications for improvement for the City of Des Moines. Leave the murals up to the businesses and arts commission.

Councilmember Thomasson is not in favor of the arch at the Des Moines Marina. He would consider entry signs in scale with the ones on Pacific Highway South.

Councilmember Kaplan favors entry signs at the south end of the Marina. He is not sure about an arched sign. He likes the idea of a mural on the QFC building. He questioned the cost of such a mural.

Planning Manager Lathrop explained that staff would like to get input from Council if any of these concepts for downtown planning were something they wanted to explore.

Councilmember Kaplan is willing to waive the sign ordinance for a mural on the QFC building as an exception.

Mayor Sheckler approves of the arched Marina entrance sign.

Councilmember White stated she favors the arched Marina entrance sign

Mayor Sheckler supports a mural on QFC's wall.

Planning Manager Lathrop noted Council's comments will help guide staff in downtown planning. She asked for Council's thoughts on pedestrian and streetscapes.

Councilmember White approves of the current sailboat theme.

Councilmember Scott wants signs placed so motorists have ample time to follow the signs directions.

Mayor Pro Tem Sherman supports using different light standards for defining areas in downtown. The traffic needs to be addressed eastbound on 227<sup>th</sup>.

Councilmember Thomasson supports the sailboat theme and believes the property by Taco Time would be a possible place to erect a welcome sign.

Councilmember Kaplan favors some of the design ideas.

Councilmember Pina stated a sign at the Marina is unnecessary. Signs guiding the way to the Marina are more important.

Councilmember Scott requested drawings of roads showing width of the right-of-way for planning purposes.

### Sea Serpent Sculpture

Planning Manager Lathrop queried Council for feedback on the Sea Serpent sculpture.

Councilmember Pina does not support the Sea Serpent sculpture. He supports a mural for the QFC building.

Councilmember White proposes a survey to ask the community what they want.

Mayor Pro Tem Sherman favors the idea of the Sea Serpent sculpture. Before he approves the sculpture, he would like to see the cost of construction and maintenance.

Councilmember Scott would like to hear comments from the Arts Commission on signage and cooperative funding for public art and signs. She would like signs to lead the public all the way down to the Marina and Beach Park entrance. She advocates tying in Cliff Avenue with the planning.

Councilmember Thomasson questioned whether the Storefront Studio is the best plan for Des Moines. He is concerned the Sea Serpent Sculpture on the breakwater is not prudent due to storms.

Councilmember Kaplan likes the Sea Serpent theme but, the funding and maintenance needs consideration. Collaborating with the Arts Commission is a good idea. It is probably a long-term plan.

Mayor Sheckler embraces the Sea Serpent sculptures.

#### Hill Climb/Parking/Garage/Retail Space

Planning Manager Lathrop discussed plans to take advantage of the hill climb by incorporating a parking garage with potential retail uses on the main floor.

Councilmember White favors the idea in conjunction with the passenger ferry. She believes involving King County may help fund the project.

Councilmember Pina envisions the structure with parking on the lower level and a hotel on the upper levels.

Councilmember Scott referred to drawings that Anthony's Restaurant had presented when she served on the Municipal Facilities Committee. They had a specific drawing with 3 tiers and a walkway on the south end with the elevators located at the back. She would favor any study that would provide the best structure design.

Councilmember Thomasson stated a concept is the starting point in the development. He doesn't see any funding for this project in the near future.

Mayor Pro Tem Sherman noted Council needs to determine a purpose for this area.

**MOTION** made by Councilmember Kaplan, seconded by Councilmember Pina, to extend the meeting to 10:40 p.m.

**MOTION** failed, by 4 to 3, with, Councilmembers White, Thomasson and Mayor Pro Tem Sherman opposed.

**MOTION** made by Mayor Pro Tem Sherman, seconded by Councilmember Kaplan, to continue this discussion as well as the zoning update at the next available meeting.

VOTE ON MOTION: Motion passed unanimously

#### NEXT MEETING DATE:

Mayor Sheckler noted that the next regular meeting will be October 9, 2008.

#### ADJOURNMENT

**MOTION** was made, seconded and passed unanimously to adjourn at 10:32 p. m.

Respectfully submitted,

Autumn Lingle  
Clerk