CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Regular Session

June 20, 2016 Council Chamber
8:00 p.m. Bellevue, Washington

PRESENT: Mayor Stokes, Deputy Mayor Chelminiak, and Councilmembers Lee, Robertson, Robinson, and Slatter

ABSENT: Councilmember Wallace

1. Call to Order

The meeting was called to order at 8:11 p.m., with Mayor Stokes presiding.

2. Roll Call, Flag Salute

All Councilmembers except Councilmember Wallace were present. Councilmember Robertson led the flag salute.

(a) Rotary Check Presentation for Inspiration Playground

Mayor Stokes introduced Rob Rose and Pat Naselow, Co-Chairs of the Inspiration Playground Steering Committee, and T.J. Woosley, President of the Bellevue Rotary.

Mr. Rose said he proposed an idea to the City five years ago to develop a project that would bring children and adults, with and without disabilities, together in a play environment. He began working with Patrick Foran, Director of Parks and Community Services, and Terry Smith, Parks Assistant Director; and met with each of the Councilmembers at that time. Mr. Rose said this is the largest project ever undertaken by the Bellevue Rotary. He introduced additional guests including incoming Bellevue Rotary President Barbara Morgan; Past Presidents Rich Herzberg, Gail Ryder, Rick Taylor, Alan Fulp, and Julie Arnevick; capital campaign coordinator Liz Swanson; and Ev Stitz, a member of the steering committee.

Ms. Naselow commended City staff Glenn Kost, Parks Planning Manager; Pam Fuhrman, Project Manager; and Terry Smith, Parks Assistant Director for their assistance and support.

Mr. Rose presented a check to the City from the Bellevue Rotary's fundraising efforts in the amount of $3,351,861, to be used for completing the Inspiration Playground and Sensory Gardens.

Mayor Stokes thanked the Bellevue Rotary and the community for their hard work and support. He said this is a strong example of someone having a vision and following it through to completion.

Councilmember Lee thanked the Bellevue Rotary for this significant contribution to the community.

The Council took a short recess to take photos with the guests.

3. Approval of Agenda

→ Deputy Mayor Chelminiak moved to approve the agenda, amended to add Study Session Agenda Item 2(b), Impact Fee Deferral System, as Agenda Item 12(a). Councilmember Slatter seconded the motion.

→ The motion to approve the agenda, as amended, carried by a vote of 6-0.

4. Communications: Written and Oral

(a) Jennifer Fisher, Executive Director of Bellevue Lifespring, spoke on behalf of residents of the Highland Village apartments. She said residents have experienced rent increases and have been told they will need to move out in November because the site will be redeveloped into condominiums. She expressed concerns regarding the challenges of finding affordable housing, keeping children in their schools, and keeping families in their support community. Ms. Fisher requested a meeting with the Mayor and Deputy Mayor on this issue. She said a number of other groups are working on this issue, including Jubilee Reach.

(b) Rosulba Parra provided her comments in Spanish. She expressed concern regarding the lack of housing for low-income families. Of the 85 students in the Bellevue School District living in Highland Village, Spanish is the native language for most of the students. The first language for five students is English and for one student is Swahili. She said the waiting list for affordable housing is two to five years. Residents have created a stable community through employment, support systems, volunteering in churches, sports leagues, and other activities. The potential displacement of families from this area causes financial, emotional, and psychological stress. Residents are asking the City Council, Bellevue School Board, and community organizations to provide support in identifying housing options, including working with building owners and developers to create options. Ms. Parra submitted a written English translation of her and the next speaker's comments.

(c) Blanca Alfaro, also speaking in Spanish, thanked the Council for listening to the residents. She requested help in this urgent situation and in finding long-term housing solutions within the community.

(d) Robert Kilian, a resident of Bellevue Towers, said his comments have changed since observing the earlier Council Study Session discussion about the Downtown Livability Initiative. He asked the Council to consider, when it addresses building heights and Downtown Land Use Code Amendments, that residents in vertical towers have views they want to preserve. He said he heard some good thoughts tonight from the Council about amenities and thinks the Council is heading in the right direction. He expressed concern about a hotel that received credits for providing a swimming pool as an amenity. However, it is not a public facility. He noted a similar situation involving a roof deck on a building.

(e) Nancy Rogers, land use attorney, thanked the Council and staff for working so hard on the BelRed Medical Office District Land Use Code Amendment. The amendment modifies the floor area ratio (FAR) exceptions when affordable housing is provided on site or through a fee-in-lieu.

(f) Suzanne Baugh, President of the Lake Heights Community Club, noted that she is a retired commercial real estate broker and expressed concern regarding the vacancies in the Newport Hills Shopping Center. She said Intracorp has expressed an interest in developing townhomes, live/work units, and commercial space at the site. She encouraged the City to study the potential redevelopment and impacts through the Comprehensive Plan Amendment process.

(g) Frank Klein, a Newport Hills resident, spoke in favor of the redevelopment of the shopping center site. He has worked as a realtor in the area for 40 years. He said the decline of the center started with the development of commercial and retail space in Newcastle. He said a new development planned in Newcastle will add approximately 900 residences and more commercial space, which further challenges the ability for viable commercial activity in Newport Hills.

(h) Heather Trescases, Eastside Heritage Center, invited everyone to the annual Strawberry Festival on June 25 and June 26 at Crossroads Park. The festival celebrates the area's agricultural heritage and diversity and receives support from the City, local businesses, and many volunteers. The event includes food and vendor booths, children's activities, history displays, and the Sunday car show. Ms. Trescases said the winners of the annual haiku competition will be announced at the festival, and she read two haikus from last year's winners.

(i) Alex Zimmerman, President of StandUP-America, expressed concerns about elected officials and the government.

(j) Keri Pravitz, Community Projects Manager, Puget Sound Energy (PSE), said an additional public comment period will open within the next few weeks to consider the Energize Eastside project bypass route alternatives proposed by PSE late in the previous comment period. She said PSE will continue to work with the community to fulfill its responsibility to keep the lights on and provide reliable power.

(k) Bill Finkbeiner spoke against the proposed bypass options for the Energize Eastside project. He said the routes are longer and affect more residences, businesses, and public open spaces than PSE's preferred route.

5. Reports of Community Council, Boards and Commissions: None.

6. Report of the City Manager

(a) Bellevue Family 4th of July, 25th Anniversary Celebration, Downtown Park

City Manager Brad Miyake invited everyone to the 25th Anniversary of the Family 4th of July Celebration at the Downtown Park.

(b) Energize Eastside Phase 2 EIS – Additional Public Comment Period

Mr. Miyake noted information in the meeting packet regarding the additional public comment period to be held with regard to the scoping of the Energize Eastside Phase 2 Environmental Impact Statement (EIS) process. He recalled that two route alternatives were added by Puget Sound Energy during the previous comment period. The extended comment period will allow additional public input, including from stakeholders affected by the two new alternatives.

Mayor Stokes encouraged residents to attend the Family 4th of July Celebration and thanked everyone who works on the event.

Mayor Stokes thanked staff for responding to the concerns previously expressed by the Council and the community with regard to providing an opportunity for further public comment on the Energize Eastside project.

7. Council Business and New Initiatives

(a) Proposed Meeting Cancellation

Mayor Stokes noted the need to cancel the June 27 Council meeting due to the lack of a quorum.

→ Deputy Mayor Chelminiak moved to cancel the June 27 Council meeting, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

Mr. Chelminiak noted Jennifer Fisher's request during oral communications to meet with the Mayor and Deputy Mayor. He said he will be traveling a great deal in July. Mayor Stokes suggested that Councilmember Robinson participate in the discussions and said he will work with the City Manager and staff to arrange a meeting. Mayor Stokes said the Council is aware of and concerned about affordable housing issues as well.

8. Consent Calendar

→ Deputy Mayor Chelminiak moved to approve the Consent Calendar, and Councilmember Robertson seconded the motion.

→ The motion to approve the Consent Calendar carried by a vote of 6-0, and the following items were approved:

(a) Council Meeting Minutes
Minutes of May 23, 2016 Extended Study Session
Minutes of June 6, 2016 Study Session
Minutes of June 6, 2016 Regular Session

(b) Resolution No. 9107 authorizing execution and submission of application(s) for funding assistance for Aquatic Lands Enhancement Account project(s) to the Recreation and Conservation Funding Board as provided in RCW 79.105.150, 79A.25 RCW, Washington Administrative Code Chapter 286, and other applicable authorities.

(c) Resolution No. 9108 authorizing execution of a contract with Ohno Construction Company to construct the Complete the Circle and Inspiration Playground project at the Bellevue Downtown Park, in an amount not to exceed a total contract value of $17,948,411.25, including Washington State sales tax and a construction contingency.

(d) Resolution No. 9109 authorizing execution of a Professional Services Agreement with Hayre McElroy & Associates, LLC to provide third party testing, monitoring, and reporting services to support construction of the Complete the Circle and Inspiration Playground projects in Downtown Park, in an amount not to exceed a total contract value of $176,000.

(e) Resolution No. 9110 authorizing execution of a purchase order with CDW-G Inc. for the replacement of computer network switching equipment, in an amount not to exceed $197,000.00, inclusive of applicable taxes.

(f) Resolution No. 9111 authorizing execution of an amendment to a utility extension agreement between the City and developer CP V SHERWOOD, LLC to compensate the developer for the incremental cost increase between a 12-inch diameter sewer pipeline and the 15-inch diameter sewer pipeline to be installed in Bel-Red Road between 148th Avenue NE and NE 20th Street, as well as the depreciated value of the existing 8-inch pipeline to be replaced, in an amount not to exceed $1,262,207.20.

(g) Motion to award Bid No. 16036 for Overlay and Pavement Restoration (2016) to Lakeside Industries, Inc., as lowest responsible and responsive bidder, in an amount not to exceed $784,160.50 (CIP Plan No. W-16 and S-24).

(h) Motion to award Bid No. 16026 for Sanitary Sewer Repairs 2016 to Shoreline Construction Co., as the lowest responsive and responsible bidder, in an amount not to exceed $1,073,373.75 (CIP Plan No. S-24).

(i) Motion to reject all bids for Bid No. 16007 for West Tributary Kelsey Creek Drainage Master Plan (DMP) 165 Restoration, CIP Plan No. D-104, and call for bid at a later date.

(j) Resolution No. 9112 authorizing execution of a purchase agreement with NC Machinery, for the purchase of an excavator for the Utilities Department, in an amount not to exceed $114,551.00, plus applicable Washington State sales tax.

(k) Ordinance No. 6293 amending the Land Use Code, amending a portion of Section 20.25D.080 of the Bellevue City Code to provide for an increase in available Floor Area when affordable housing is provided through a fee-in-lieu or negotiated in return for affordable housing that is provided on site: modifying the Floor Area Ratio (FAR) Exceptions provided in the Bel Red Medical Office District to except up to 1 FAR subject to payment of a fee-in-lieu or the terms of an executed Development Agreement, providing for severability, and establishing an effective date.

(l) Ordinance No. 6294 authorizing execution of an Interlocal Agreement (and supplements if necessary) with King County Metro (KCM) for acceptance of $275,000 in pass-through grant funds from KCM for the Citywide Transportation Demand Management (TDM) Implementation Project 2015-2018; amending the 2015-2016 Operating Grants, Donations and Special Reserves Fund by increasing the appropriation by $275,000; and authorizing an amendment to the existing professional services contract (and supplements if necessary) with the Bellevue Downtown Association (BDA) to add $65,000 for trip reduction services associated with implementing the TDM Implementation Project 2015-2018.

(m) Motion to award Bid No. 16020, 148th Avenue SE - Main Street to SE 8th Street Traffic Signal Upgrade and Overlay (CIP Plan Nos. PW-M-1, PW-M-19, W-16, PW-W/B-56) to Kamins Construction, Inc., as lowest responsible and responsive bidder, in the amount of $1,773,820.73.

(n) Ordinance No. 6295 amending the 2015-2021 General Capital Investment Program (CIP) Plan to add two new projects, modify the scope of existing projects, and increase multiple project budgets by a total of $8,526,000; and the 2015-2016 General Capital Investment Program (CIP) Fund to increase the appropriation by $6,193,000 to provide the funding necessary for project eligibility for a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

(o) Resolution No. 9113 ratifying an amendment to the King County Countywide Planning Policies.

(p) Ordinance No. 6297 amending the Parks 2016 Capital Investment Program budget to recognize $1,575,000 of additional grant funds for Inspiration Playground (P-AD-94), from King County, the State of Washington and the National Park Service, and to authorize the expenditure of such funds.

(q) Resolution No. 9114 authorizing execution of a five-year lease agreement with Delta Business Park, LLC for a Police Department vehicle evidence storage facility, in an amount not to exceed $166,406.

(r) Motion to Approve Claims and Payroll for April and May 2016.

9. Public Hearings

(a) Public Hearing on Ordinance No. 6296 adopting interim official zoning controls prohibiting medical marijuana cooperatives, marijuana research uses; imposing civil penalties and abatement actions for violations of certain provisions of Chapter 69.51A RCW for a period of six months, to be in effect while the City drafts, considers, holds hearings and adopts permanent zoning regulations; setting an effective date; and scheduling a hearing on the maintenance of the interim zoning ordinance.

Mayor Stokes introduced the two public hearings on marijuana-related uses and noted that the two hearings would be held separately.

Catherine Drews, Assistant City Attorney, said the first public hearing invites comments on proposed Ordinance No. 6296. She said staff is requesting Council action on the ordinance as well as direction to staff about whether the Council would like to forward the item to the Planning Commission or to keep it within the Council's work items.

The second public hearing is an opportunity to comment on Ordinance No. 6286, which was adopted by the Council on May 9. State law requires that a public hearing be held on the ordinance within 60 days of adoption by the Council.

Ms. Drews said proposed Ordinance No. 6296 provides interim official zoning controls regarding medical marijuana cooperatives, marijuana research uses, as well as civil penalties and abatement actions for violations of certain provisions under state law. She recalled that the Council directed staff on June 6 to prepare an ordinance prohibiting medical marijuana cooperatives and marijuana research uses, and allowing civil penalties and abatement actions for certain violations.

→ Deputy Mayor Chelminiak moved to open the public hearing, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

No one came forward to comment.

→ Councilmember Robertson moved to close the public hearing, and Councilmember Robinson seconded the motion.

→ The motion carried by a vote of 6-0.

→ Councilmember Robertson moved to adopt Ordinance No. 6296, and Councilmember Lee seconded the motion.

→ The motion carried by a vote of 6-0.

(b) Public Hearing on Ordinance No. 6286 extending Interim Zoning Controls regulating Recreational Marijuana Uses

→ Deputy Mayor Chelminiak moved to open the public hearing, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

Ms. Drews said Ordinance No. 6286 allows one retail marijuana outlet in each of the following six subareas: BelRed, Crossroads, Downtown, Eastgate, Wilburton, and Factoria. It also requires a separation distance of 100 feet between a marijuana retailer and a residential land use district.

Ms. Drews said the City received more than 200 written comments regarding the ordinance. She clarified that the intent of the ordinance is not to prevent retail stores or to require that any existing stores close if there are currently two stores within one of the subareas. Current stores will be allowed to remain open.

1. Katherine Ma thanked the Council for adopting the emergency ordinance on May 9 to limit the number of retail stores. She encouraged the Council to ban the growing of marijuana in residential neighborhoods. Ms. Ma submitted her comments in writing.

2. Elsie Chen thanked the Council for its leadership in working for a strong economy, education system, and growth. She thanked the Council for adopting the emergency ordinance on May 9 to limit the number of retail marijuana stores. She asked the Council to prohibit the growing of marijuana in households. Ms. Chen submitted her comments in writing.

3. Shi Chen expressed concern regarding alcohol and marijuana usage by youth. He asked the Council to keep marijuana stores as far away from schools as possible.

4. Hanya Poczynok said she recently went to the Green Theory store and found the staff to be informative and knowledgeable. She said she read the meeting minutes of the Council's previous discussion. Regarding concerns about retail store break-ins, she said Green Theory takes debit cards and many other stores do not handle cash. Regarding

youth, she noted that regulations creating a separation distance from certain uses are already in place. She observed that continued residential development in the downtown might make it impossible for any store to locate in that subarea. Ms. Poczynok noted Councilmember Lee's comment that he wished there were no marijuana stores. She cautioned against legislating morality with regard to marijuana and noted 55 alcohol-related DUIs in Bellevue during the past six months. She would like cancer patients and others to be able to benefit from medical marijuana.

5. Milan Dasgupta, a software engineer, spoke against the ordinance. He said he understands the concerns of parents and others opposed to legal marijuana. However, prohibiting the sale does not stop people from using it. He said a state economist has determined that legal marijuana has brought millions of dollars into the state, which can be used for public projects. He asked the Council to consider the ordinance carefully and whether it is necessary.

6. Lei Wang thanked the Council for adopting the interim zoning controls and urged the Council to make the regulations permanent. She expressed concerns including the use of marijuana by youths and marijuana-related auto accidents. She submitted her comments in writing.

7. Arne Nelson said he is the father of two girls and the co-owner of two cannabis stores (Renton and Auburn). He spoke against the ordinance and noted that he has a license pending with the City of Bellevue. He said he worked for 20 years in the software industry, including in executive roles. He said their stores' customers include medical doctors who recognize the benefits of marijuana for certain conditions. He invited Councilmembers to visit his stores. He observed that there is a vocal minority opposed to marijuana and a silent majority in support of legal marijuana.

8. Wayne Seminoff spoke against the interim zoning controls. He said his job involves helping to identify locations for recreational marijuana retail stores. He expressed concern that the ordinance will result in virtually no locations for stores. He proposed allowing two stores per subarea. He noted that the majority of voters supported the legalization of marijuana.

9. Jerry Derevyanny, an attorney for the BelMar store in Bellevue, said the three marijuana stores in Bellevue have never sold to a minor during the Liquor Cannabis Board's compliance checks. He said there has been very little shoplifting or police involvement related to the stores. He said the alternative to legal retail stores is the black market, including delivery services that will sell to individuals of any age. He said a recent study indicates that opioid use has decreased in states that have legalized marijuana. He believes that restricting the availability of legal marijuana will have a negative public health impact.

10. Alice Wang, representing Parents Against Marijuana Near Schools (PAMNS), spoke in support of the ordinance. She said residents are not opposed to medical marijuana. However, they would prefer it be sold through regular pharmacies so children understand

it is a medicine. She said she is very concerned about the possibility of marijuana addiction for certain youth. Ms. Wang said the State Department of Social and Health Services has not received the estimated revenues from legal marijuana that it was promised. She asked the Council to permanently adopt the interim zoning controls. Ms. Wang submitted her comments in writing.

11. Paul Lions, spoke opposed to Ordinance No. 6286. He said he is the father of a four-year-old girl who does not want children using marijuana. He left his career as a mechanical engineer and started a handbag business specifically dedicated toward cannabis users. He said marijuana retail stores prevent youth from entering by checking IDs at the door. He said that limiting the legal market helps the marijuana black market.

12. Brandon Gee said that limiting access to legal marijuana increases access to the black market and makes it easier for children and youth to buy marijuana.

13. Cineva Wang recalled her past testimony about her son's problem with marijuana addiction. She expressed support for the ordinance and acknowledged that there will always be a marijuana black market. She said her family spent $160,000 for her son's treatment over an 8-month period and that marijuana caused psychosis for him. She said the legalization of marijuana is about money for businesses and the government.

14. An unidentified female said a classmate of her son became addicted to marijuana and told her son he could not stop. She expressed concern that individuals could buy legal marijuana and sell it to youth. She said younger people might not realize that cookies and candies contain marijuana. She urged the Council to adopt the interim controls as permanent regulations.

15. Yun Bai expressed support for the ordinance and spoke in favor of limiting the number of marijuana stores. He encouraged the City to support businesses not related to marijuana including high-tech companies.

16. Mei Yan, a Registered Nurse, said there are health risks associated with marijuana. She worked in a rehabilitation facility for 10 years, and many who used marijuana also used harder drugs. She is opposed to allowing more stores and is concerned about youth accessing legal marijuana. She expressed support for the ordinance and thanked the Council for addressing the community's concerns.

17. Ray Patrick observed that this is an emotional issue for some, and underage access to marijuana is a legitimate concern. He said the retail marijuana stores check IDs and operate in a professional manner. He noted that underage alcohol use is a far greater problem. He urged the Council to not adopt the interim zoning controls as permanent regulations. He asked the Council to consider facts versus emotions in this decision.

18. Xiao Meng, a Newport High School student, said she knows that students use marijuana and buy it through the black market. However, she observed that it would not be a good idea to add a store near Factoria Mall or any other location near the high school.

→ Deputy Mayor Chelminiak moved to close the public hearing, and Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

Ms. Drews asked whether the Council would like to retain the processing of the ordinances or to pass them on to the Planning Commission for review and recommendations. Responding to Councilmember Robertson, Ms. Drews said the Planning Commission is currently working on a number of significant projects.

Councilmember Robertson said the Council has been working on marijuana-related regulations for a long time and she would prefer to keep the processing of permanent regulations with the Council.

Deputy Mayor Chelminiak said he would prefer to keep the ordinances with the Council as well. He asked staff to provide information responsive to the comment that the interim zoning controls prevent a retail store in the Downtown subarea. He said it was not his intention to ban retail stores. The purpose of the interim zoning controls is to limit the number of stores to six. He observed that many building owners do not want to rent space for marijuana stores. As a result, some retail businesses have purchased properties.

Mr. Chelminiak observed that if the State determines that cities are allowed to ban retail stores, other cities will be put in the position of accepting more stores. He said the City of Bellevue has addressed marijuana legislation in a responsible manner. He suggested that the Council might want to discuss its objectives further and determine the regulations necessary to meet those objectives.

Councilmember Robinson concurred with the suggestion to clarify the Council's goals related to marijuana regulations. She questioned how the interim regulations affect existing stores. She noted for the public that she worked with Youth Eastside Services (YES) to create an educational brochure entitled *Marijuana Still Illegal for Teens*. She said the document is available on the City's web site, and paper copies are available from Youth Eastside Services.

Councilmember Lee agreed with maintaining the processing of the two ordinances with the Council. He noted that he objects to marijuana on a moral basis and would rather prohibit stores. However, the Council has been logical and reasonable in debating the issues and in listening to the public before drafting legislation. He said the City of Bellevue is not banning legal marijuana and has an obligation to represent the voters. Mr. Lee said he looks forward to continued discussion and consideration.

→ At 9:57 p.m., Deputy Mayor Chelminiak moved to extend the meeting to 10:15 p.m. Councilmember Robertson seconded the motion.

→ The motion carried by a vote of 6-0.

Councilmember Robertson said the Council will continue working on permanent regulations, and she encouraged the public to stay involved. She said the Council has been proactive in its approach to marijuana legislation. She said this is not a moral issue but rather a matter of implementing the will of the voters in a responsible, fair and balanced way. Ms. Robertson said concerns were raised when the State doubled the number of stores allowed in Bellevue from four to eight. She said none of the existing stores will be banned with the provisions reflected in the interim zoning controls.

Councilmember Slatter thanked the public for its involvement and comments. She concurred with the responsibility of implementing the will of voters regarding marijuana legalization in a balanced way. She supports the idea of retaining the processing of the regulations at the Council level. She shares Mr. Chelminiak's interest in determining whether retail stores will be able to find a suitable location under the interim zoning controls.

Ms. Slatter said marijuana has a number of uses including as a food and medicine, which adds to the complexity of the discussion. She said no one wants children to use marijuana. She observed that there is an over-arching concern about drug use by youth that does need to be addressed. She encouraged the public to be part of the broader conversation that is needed regarding opioid, alcohol, and cigarette use in this country. Ms. Slatter said that, while she is not in favor of allowing medical marijuana research at this time, she would like to be kept informed about changes in State law and the standards applied to research.

Mayor Stokes said the Council appreciates public input and involvement. He observed that the opinions about the morality of marijuana usage could be applied to alcohol and the overuse of prescription drugs as well. He said the issue is to implement the law allowing adults to use marijuana if desired.

Mayor Stokes said students will continue to buy black market drugs regardless of the ordinance. He said this is a complex issue. He suggested a broader focus on youth access to alcohol, which can be bought at many locations. He said education is one way to address the issues and concerns. He encouraged the public to continue working with the City. He said the Council will keep a rational program in place to comply with the will of adult voters. At the same time, the community needs to do a good job of keeping marijuana and other substances away from children.

Responding to Councilmember Robertson, Ms. Drews noted that the public may sign up to receive emails with links to the Council's agendas, in order to track when the Council will continue its discussions on marijuana.

10. Land Use: None.

11. Other Ordinances, Resolutions and Motions: None.

12. Unfinished Business

(b) Impact Fee Deferral System *[From Study Session]*

Mayor Stokes said this item carried over from the earlier Study Session.

City Manager Miyake said this topic was last discussed with the Council in December 2015 and questions were raised at that time. Staff will address those questions tonight and is seeking Council approval to move this issue forward.

→ At 10:06 p.m., Deputy Mayor Chelminiak moved to extend the meeting to 10:30 p.m. Councilmember Slatter seconded the motion.

→ The motion carried by a vote of 4-0, with Councilmembers Lee and Robertson temporarily away from the dais.

Ms. Drews introduced discussion regarding the State-mandated impact fee deferral program. Staff is seeking Council direction in three areas: 1) when impact fees should be due, 2) the appropriate scope of the deferral system (e.g., single-family, multifamily and/or commercial?), and 3) whether to amend the City's Impact Fee Codes consistent with State law. State law adopted in May 2015 requires jurisdictions imposing impact fees to adopt a system allowing the deferred collection of fees for single-family detached and attached residential construction.

Developers will choose whether to participate in the program. The deadline for adopting local legislation consistent with the law is September 1, 2016. Ms. Drews said the applicant must record a lien equal to the impact fees that will be due. The City or school districts may foreclose on a lien if necessary. The deferral term cannot exceed 18 months.

Monica Buck, Assistant City Attorney, said there are three options for developers to defer a payment to: 1) final inspection, 2) Certificate of Occupancy; not applicable to single-family construction, and 3) time of closing on the property sale. Staff recommends adopting final inspection as the deferred payment due date. She noted that the City is not involved in the processing of documents related to the closing of property sales. The payment of fees at final inspection provides certainty for the City. Staff recommends applying the same process to both school and traffic impact fees.

Ms. Buck recalled a question from the Council during the previous discussion about whether the City should expand the optional deferral payment program. She said state law does not require expanding the deferred payment option to multifamily or commercial developments. School districts are opposed to extending the option to developers. Ms. Buck said the delayed collection of impact fees results in a cash flow impact to the Capital Investment Program (CIP). Staff recommends adopting the deferred payment option only for single-family construction.

Ms. Buck said staff proposes two additional amendments consistent with state law: 1) require impact fees to be spent within 10 years (The current code specifies six years), and 2) require the consideration of independent traffic studies submitted by developers.

Councilmember Robertson expressed support for the proposed amendments. She suggested the City consider adding the ability to issue a stop work order if the developer fails to pay impact fees in a timely manner.

Responding to Councilmember Lee, Transportation Capital Programming Manager Eric Miller said the impact on the CIP of deferring payments would not likely be significant if applied only to single-family construction. He noted additional information in the meeting packet. In further response, Mr. Miller said the anticipated impact of deferring multifamily impact fees is $2.6 million over the course of the current CIP Plan. If all commercial, office, and retail development is included, the total impact could be up to $11.9 million.

Councilmember Robinson expressed support for allowing the deferred payment option only for single-family construction. She questioned whether the deferral will help the development of affordable housing. Ms. Buck said she believed that affordable housing has an exemption or reduced impact fees.

Responding to Councilmember Slatter, Ms. Drews said the school district is not in favor of allowing the deferral of impact fees for multifamily and commercial construction due to the impact on its capital program.

Mayor Stokes noted a Council consensus in favor of staff's recommendations, including limiting the deferred payment option to single-family development, allowing payment upon final inspection, and amending the City Code to be consistent with state law.

Ms. Drews said staff will bring the ordinance back for formal action on July 5.

13. Continued Oral Communications: None.

14. New Business: None.

15. Executive Session: None.

16. Adjournment

At 10:17 p.m., Mayor Stokes declared the meeting adjourned.

Kyle Stannert
City Clerk

/kaw