

**City of Kenmore  
City Council Regular Meeting  
Minutes  
October 7, 2019**

**5:30 p.m. DINNER**

**CALL TO ORDER** - Mayor David Baker called the meeting to order at 6:00 p.m.

**ROLL CALL**

Mayor David Baker (Absent)  
Deputy Mayor Nigel Herbig  
Councilmember Joe Marshall  
Councilmember Milton Curtis  
Councilmember Debra Srebnik  
Councilmember Stacey Denuski  
Councilmember Brent Smith

Fire District Commissioners and Staff were also in attendance.

**FLAG SALUTE**

**JOINT MEETING WITH THE NORTHSORE FIRE DISTRICT BOARD**

NEMCo/Emergency Management Update

City/Fire Marshall Partnership

Other City Updates

Other Fire District Updates

Fire District Consolidation Update

Station 54 Future Use

Northshore Fire Department's Proposed 2020 Enhanced Community CPR/AED Training Initiative

West Sammamish Bridge Replacement Project Status

*The Council took a break from 6:55 p.m. to 7:02 p.m.*

## **BUSINESS AGENDA**

### Update on CIP Project P-30 - Rhododendron Boathouse - Rob Sayre-McCord, Parks Project Manager

On 10/7/19 staff and project consultant, Osborn Engineering, will be on hand to give a short presentation on the Rhododendron Boathouse. Current design plans and construction cost estimates are attached in the Council packet, as well as updated budget estimates. Staff is seeking Council guidance on the preferred construction approach and the Council's preferred approach to funding any potential budgetary shortfall.

**Project Status Update Since January 2019:** The city received 90% design plans and corresponding construction cost estimates from Osborn Consulting on 8/14/19. The city has performed a biddability and cost assessment review as well as an internal design review, in conjunction with our community advisory committee.

#### **Construction Cost Estimates and Budget Estimates:**

- **Schedule B 40' x 70' Building Shell:** This schedule includes the concrete building slab/piles; paved asphalt path; wetland mitigation/plantings/irrigation; waterline extension; and boathouse building shell (metal sheeting with garage doors, interior restroom facilities, and boat racks). The building shell does not include a second level, balcony area, lift, mezzanine framing, flooring, coaches office, staircase. The total cost estimate is \$766,326. The total construction cost includes: construction cost estimate \$666,370 + \$66,637 (10% sales tax) + \$33,319 (5% contingency).

The total budget estimate is \$1,158,481. The total budget estimate includes construction costs and all other anticipated costs (e.g. permits, consultant contract amendments, construction management). This estimate is \$26,538 under the current CIP budget (\$1,185,019). However, this estimate assumes that the School District's \$250,000 contribution for tenant improvements can be fully allocated. However, School District funding is limited to only certain aspects of the project, termed 'tenant improvements', and Schedule B does not include many of these fundable aspects. Consequently, current projections limit School District contributions to \$152,276 of their available \$250,000, resulting in a funding shortfall of \$71,186.

- **Schedule C 40' x70' Building with Second Floor:** This includes all elements of Schedule B plus a second level, balcony area, lift, mezzanine framing, flooring, coaches' office, and staircase. The total cost estimate is \$867,641. The total cost includes: construction cost estimate \$754,470 + \$75,447 (10% sales tax) + \$37,724 (5% contingency).

The total budget estimate is \$1,250,677. This estimate is \$65,658 over the current CIP budget. However, this estimate assumes that the School District's \$250,000 contribution can be fully allocated. If, based on current estimates, only \$237,091 of the School District's funds can be allocated, then there is a funding shortfall of \$78,567.

Options for Bid Package and Funding:

1. Pursue Schedule B 40' x 70' Building Shell: This option would allow the building to be used as a basic storage center while additional non-city funding is secured to complete the remaining building improvements at a later date. Staff also needs direction on the Council's position for allocating any additional City funds if the potential budget shortfall is \$71,186 assuming all school district funds cannot be allocated. Staff is also seeking any preliminary direction on Council's position for allocating any additional City funds if the construction bids come in above the current CIP allocation.
2. Pursue Schedule C 40' x 70' Building with Second Floor: This option is consistent with Council's prior direction. However, staff needs direction on the Council's position for allocating any additional City funds for the \$65,568-\$78,567 current estimated budget shortfall. Staff is also seeking preliminary direction on Council's position for allocating any additional City funds if the construction bids come in above the current CIP allocation.
3. Pursue Schedule B +C: This option creates a bid alternate package that would allow the City to determine whether to construct the foundation and building shell (Schedule B) or the complete building (Schedule C) once bids have been received. However, staff would still appreciate Council direction on Council's position for allocating any additional City funds based on the estimated budget shortfall or if construction bids come in over the current CIP allocation.

Staff Recommendations: For the preferred construction bid package schedule option, staff recommends that Council selects Option 3 (Schedule B +C) as this allows for greater future flexibility and the highest likelihood of saving the city money through design and construction in both the short and long-term.

If Council selects Option 3, then staff is seeking Council direction on funding for the estimated budget shortfall of \$65,568 to \$78,567. Council has two options: 1. Use City funds (general fund balance or strategic opportunity funds or 2. Non-city funds (e.g. non-profit fund raising, or other private funding source).

Background: At the 10/15/18 Council meeting, Council direction was to pursue a 20' x 70' building (\$479,959) plus a concrete pad (\$50,000) that could accommodate a larger 40' x 70' building. The total project cost estimate \$586,759 (\$529,959 plus \$56,800 prior year expenditures). At the 1/14/19 Council meeting, Council direction was to seek reallocation of the \$611,000 King County Youth and Amateur Sports grant funding from the St. Edward Ballfield Project to the Rhododendron Boathouse Project to support construction of 40' x 70' boathouse. The project cost estimate provided to Council on 10/15/18 for the 40' x 70' boathouse was estimated at \$850,000. The cost estimate presented to Council on 7/22/19

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during the discussion of the six-year Capital Improvement Program was \$1,185,019 (plus \$56,800 spent prior to 2019) giving a total project cost estimate of \$1,241,819.

Ordinance No. 19-0947 adopted 9/9/19 amended the 2019-2024 Capital Improvement Program (CIP). \$1,185,019 is allocated to the Rhododendron Boathouse Project, giving a total project cost of \$1,241,819 (\$56,800 spent prior to 2019). Funding sources in the 2019-2024 CIP include the following:

State Capital Budget S1889 – \$242,500

Northshore School District (awaiting confirmation) – \$250,000

King County Youth Sports Grant (awaiting confirmation) – \$611,000

Recreation and Conservation Office ALEA Grant 12-1963 – \$22,625

Park Impact Fees – \$23,469

REET – \$12,800

**MOTION: Councilmember Srebnik made a motion to concur with the staff recommendation to go with options B & C, Councilmember Denuski seconded the motion. The motion passed 5-1-0 with Councilmember Marshall opposed.**

**MOTION: Councilmember Curtis made a motion to ask the Pocock Foundation (and other private foundations) to do the fundraising for the project and ask for a specific amount, which would most likely be \$100,000, Councilmember Smith seconded the motion. The motion passed unanimously.**

Proposed 2021-2026 Financial Sustainability Plan Process -Rob Karlinsey, City Manager and Joanne Gregory, Finance and Administration Director and Torie Brazitis, Chancery Civic LLC

City Manager Karlinsey and Director Gregory explained that due to State-imposed limits property tax growth, relatively flat growth in other revenues, and other factors, the City's operating revenues are not keeping pace with the cost of doing business. As a result, the City of Kenmore faces an upcoming structural deficit in its operating budget (General Fund, Street Fund). To determine how to resolve this problem, the City proposes to gather information and conduct due diligence on its finances from October through December 2019. After that, the City proposes to convene a community conversation through spring 2020 to present this information, solicit input on these challenges, evaluate options, and work with the community to create a set of recommended actions for the City Council's consideration.

The goal of this two-phase process is to create a Financial Sustainability Plan for the City Council's approval. The goal of this plan would be to resolve the budget gap for six years (2021-2026, or for three budget biennia) in a way that reflects the community's values.

**Phase 1: Information Gathering and Preparation  
October 2019 through December 2019**

Before beginning a discussion on these issues, the City will spend three months confirming all important information. The City will verify priority City programs and spending through the Priority-Based Budgeting process and get an independent evaluation of its long-range financial forecast. It will also commission and complete a 2019 community survey to gauge citizen satisfaction with quality of life, service levels, and current costs.

Finally, following the City Council's approval of this plan, the City will communicate this work to the community and advertise for applications to the City Manager for an Citizens Financial Sustainability Task Force to review the information and advise the City Manager on these issues. The task force would convene in early 2020 to review all the information gathered in the fall of 2019, ask questions of staff, suggest alternatives, discuss options, and make recommendations to the City Manager in late spring 2020. Staff will create a task force charter in November in alignment with this approach.

The purpose of this phase is to confirm all technical information and prepare useful, accurate information for the City Council and the community on current resident satisfaction with City services and costs, the City's current financial condition, long-range financial forecasts, the underlying causes of the upcoming gap, and possible solutions.

All information gathered in this phase will be presented to the City Council at their retreat in January 2020 before the task force begins its work.

**Phase 2: Community Engagement and Development of Recommendations  
January 2020 through June 2020**

In this phase, the task force will convene with the support of City staff and consultants to work to review the problem, understand the City finances and constraints, review the long-range financial forecast and options available to close the gap, and make recommendations to the City Manager by late spring 2020. This phase will include public communications and public engagement activities. These activities will include information posted on websites, newsletter articles, social media posts, dissemination of information through partner organizations, updates at City Council meetings, public meetings, and others.

In early summer, the City Manager will transmit all public feedback, the task force's report, and all summary executive recommendations to the City Council for its review and consideration. The final Financial Sustainability Plan will need City Council approval before it can be implemented.

**Requested Actions**

To initiate this project, the City Council is asked to take five actions:

- 1.) Confirm Priority-Based Budgeting results for the City of Kenmore 2021-2022 biennial budget process.

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- 2.) Approve the proposed process to create a Financial Sustainability Plan (Exhibit B).
- 3.) Provide feedback to staff on success criteria for this project.
  - a. How will you know our work on this project has been successful? Please share your vision for community engagement on this topic.
- 4.) Authorize the City Manager to execute two professional services agreements:
  - a. Management Partners (financial evaluation, expertise, advising) - \$62,900 for two phases of work to support this project:
    - i. Independent evaluation of City finances and long-range financial model (fall 2019)
    - ii. Ongoing support for City Council and task force to evaluate options and create a strategies matrix (early 2020)
  - b. Chancery Civic LLC (project management) - \$47,520. There is no additional capacity among existing City of Kenmore staff to manage this project. The proposed consultant would function as an extension of staff to manage this project and coordinate public communications and community engagement activities without incurring the ongoing expenses or benefit costs of an FTE. This contract covers a maximum of 15 hours of work per week for 33 weeks (October 7, 2019-May 22, 2020), with a not-to-exceed amount of \$47,520 for the project.

In addition to staff time, professional services agreements, including a community survey, to accomplish this project will total approximately \$139,000. A budget amendment, utilizing General Fund reserves, would be included in the mid-biennium budget adjustment presented in late October or November.

**MOTION:** Deputy Mayor Herbig made a motion to add the word safe to the main “bubble” on the PBB diagrams, Councilmember Srebnik seconded the motion. The motion passed unanimously.

**MOTION:** Deputy Mayor Herbig made a motion to revise language to add words like safe roads, sidewalks, pedestrian and bike paths to effectively move people and goods. He then withdrew his motion.

**MOTION:** Councilmember Smith made a motion to approve the process to create a Financial Sustainability Plan with the citizen committee, Deputy Mayor Herbig seconded the motion. The motion passed unanimously.

**MOTION:** Councilmember Smith made a motion to approve both contracts with Management Partners and Chancery Civic LLC, Councilmember Curtis seconded the motion. The motion passed unanimously.

**RECESS TO EXECUTIVE SESSION**

The meeting recessed to executive session at 8:15 p.m. to discuss potential litigation per RCW 42.30.110 (1) (i) for approximately 30 minutes. There will be no action.

**RECONVENE TO REGULAR SESSION**

The meeting reconvened to regular session at 8:42 p.m.

**ADJOURNMENT**

The meeting adjourned at 8:42 p.m.



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David Baker, Mayor

ATTEST:



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Kelly M. Chelin, City Clerk