

**CITY OF SEQUIM
CITY COUNCIL MINUTES
SEQUIM TRANSIT CENTER
190 WEST CEDAR STREET
SEQUIM, WA**

APRIL 27, 2009

5:00 P.M. STUDY SESSION

City Finances

Goschen reported that revenues had declined in 2008. 2009 revenues are even lower. Assumptions will be made for 2010. Because of the difficult year, the \$400,000 B&O tax has been used in the General Fund rather than being set aside for new city hall debt service. Maintenance and equipment purchases have been deferred as well. Impact studies were paid by REET funds which saved the General Fund dollars. Revenues are 20-30% below budget because of lower sales tax and lower building activity. There is an annualized revenue shortfall of \$512,000 based on first quarter numbers. 2009 had a higher actual beginning fund balance of \$211,000. It is anticipated there will be an ending balance around \$730,000; which is lower than the \$1 million target set earlier by council.

Recommended adjustments include paying Irrigation Festival costs from Hotel/Motel fund; decrease interfund for yard debris; delete citizen survey/consultant; defer technology requirements, reduce police executive assistant to part time. Other consulting services are anticipated. The total adjustments include \$61,225 which will leave an adjusted ending fund balance of \$792,515.

Lorenzen questions the feasibility of moving forward with the sub area and affordable housing consultants. McHugh supports the adjustments but would like to hear more on the affordable housing consultant. Are all the impact fee studies being funded by REET? If the studies were delayed, what other ways could we utilize the REET money? Goschen responded that the transportation and impact fee studies are allowed by REET dollars, as well as park impact fees. That meant no REET dollars are going to Capital Facility Fund which is used for a new city hall. REET is 60% lower than what was budgeted. Transportation impact study was budgeted around \$100,000; capital facility was budgeted at \$50,000. None of the proposals have come back to Council yet. The park study is completed. Once the other studies are done, we can look at the studies as a whole. B&O taxes could be increased to generate revenue.

Dubois supports the recommendations. We still have no idea how long this could last and need to be conservative.

Erichsen believes it is better to wait on spending consultant dollars for affordable housing and sub area plan.

Hays would like to see those dollars stay especially if we can maintain the \$792,000 fund balance. Huizinga and Schubert support the recommendations. Schubert would like to see the affordable housing second phase included. Before we discontinue yard waste disposal, there

needs to be further discussion. What would it take to make it carry its own weight? McHugh suggests someone else taking it over. The City is not in a financial position to subsidize it any further. B&O increase could be an option at a later date, but not now.

Ending fund balance levels were discussed. Staff recommends \$750,000. Finance will continue to monitor revenues on a monthly basis. There is no reduction in services at this time. This issue will be revisited depending on revenues.

In June 2010 budget discussions will begin. We need to determine "sustainable" revenues; determine fund balance; loan or transfer of funds to General Fund; align services to revenues and fund balance. There are several recommended adjustments for REET. There is not enough revenue to complete all that is budgeted.

Schubert does not agree with reducing the \$1 million fund balance. What does it mean to reduce transfer to Parks? Goschen had transferred \$15,000 from REET to parks restricted. There was discussion concerning the need for a stormwater consultant. This individual would assist with the technical aspect of code revision.

Erichsen feels the transportation study is more important than sub area plan and affordable housing, even stormwater. Goschen said this reduction is based on responses received to the RFP.

Solid Waste Fund has an ending balance of \$4,000. The City needs to determine how to deal with yard debris. Fees would need to be increased to make the program pay for itself. Spring clean up and hazardous waste events do not generate any revenue. If the recommended adjustments are made in Solid Waste, the adjusted ending fund balance will be \$7,132.

Since the hazardous waste event is grant funded, whatever we charge would be credited against the grant.

Schubert feels the yard waste fees are very low. We need to look at increasing those fees. He feels Christmas tree pick up is important. The people living in the City should be able to say whether they want the service or not.

Study session ended at 6:05 pm.

6:05 P.M. REGULAR COUNCIL MEETING

Mayor Dubois called the meeting to order.

PLEDGE OF ALLEGIANCE

ROLL CALL

Clerk Kuznek-Reese called roll. Council members present: Laura Dubois, Erik Erichsen, Ken Hays, Bill Huizinga, Susan Lorenzen, Paul McHugh, and Walt Schubert.

City Staff present: Admin. Service Director Karen Goschen, Clerk Karen Kuznek-Reese, Capital

Projects Manager Frank Needham, IT Manager Steve Rose, City Attorney Craig Ritchie, Police Chief Robert Spinks and Interim City Manager Linda Herzog.

INTRODUCTIONS & CORRESPONDENCE

CEREMONIAL

Certificate of Appreciation – Patricia McCauley

Mayor Pro Tem Hays read and presented a certificate of appreciation to Pat McCauley for her services as the tourism coordinator for the City of Sequim since 1999.

Certificate of Recognition – Jamie Goodwin

Mayor Pro Tem Hays read and presented a certificate of appreciate to Jamie Goodwin for advancing the Sequim Free Clinic.

Municipal Clerks Week Proclamation

Mayor Pro Tem Hays read and presented a proclamation to City Clerk Kuznek-Reese proclaiming May 3 through 9 as Municipal Clerks Week.

PUBLIC COMMENTS *(For Items Not on the Agenda – Please limit comments to 3 minutes)*

Claudia Murray, member of the Olympic Peninsula Doll Club, feels the fees for the banner are too high. They had reserved the banner space. When their application was submitted, they were told the fees had increased by \$25, which they paid. She requests that the City reimburse them \$25. What is the justification for raising the fees for signage? She wants the City to reconsider the increase.

Schubert would like to refer this to the City Manager for resolution.

Annette Nesse, the Jamestown Tribe's Chief Operations Officer, expresses support for the affordable housing needs assessment. She has reviewed it and it is obvious the community needs to take the next step. The Tribe administers two housing projects and focuses on tribal citizens. They are planning for future development for the 7 Cedars resort and bringing more workforce residents into the community. We need to make sure they have affordable places to live. The Tribe is committed to working with other partners to help with this action plan.

REPORTS

North Olympic Library System projects and plans update

Don Zanon, vice chair of Board of Trustees, stated the library encompasses all of Clallam County. Their five trustees are appointed by the County Commissioners. They are a taxing district. The Sequim branch was recently remodeled and reopened. He described where they

receive their funds. He distributed the annual report.

Paula Barnes stated the library closed in January and reopened April 25. She invited everyone to visit the branch. She described the programs that are offered at the library. Children's reading events will be conducted during the summer. Library website www.nols.org.

Elaine Frederickson, Trustee, said state law limits the amount to be taxed. Their costs increased faster than tax dollars. They are looking for community partnerships.

Quarterly Report for Boys & Girls Club

Bob Schilling invited any Councilor to tour the Boys & Girls Club. He asked that the Council consider conducting a work session or Council meeting at the club anytime. They are under budget by \$5,272.

Krystal Van Selus stated there were 254 drop in hours at the teen club during the first quarter. She described the various programs provided at the club.

COMMITTEE, BOARD AND LIAISON SUMMARY

Clallam County Economic Development Council

Huizinga stated the EDC summaries were distributed. Pacific NW National Laboratory in Richland was instrumental in development of the CD.

Planning Commission

Schubert attended the April 21 Planning Commission meeting. They discussed Title 18 revisions. This will be reviewed again. The Commission had their first look at the affordable housing packet.

Sequim Marketing Action Committee

Erichsen reported that SMAC discussed Irrigation Festival costs. The committee voted to support funding of the Irrigation Festival costs with LTAC funds on a one time basis.

PREP

Erichsen attended the PREP meeting where they discussed Hood Canal Bridge closure.

Homelessness Task Force

Hays reported he was unable to attend the Homelessness Task Force meeting. The 10 year update is drafted and a copy should be received soon. Gifts in Kind program continues. Donations exceed last year's so far.

Sequim Speaks

Hays reported that Sequim Speaks made a formal presentation and recruitment last week. There was support and enthusiasm for involvement. 10-12 applications were received that night and a

few more have been received since that meeting. The application deadline is May 15. The committee will bring recommendations for appointments to Council late May or early June.

Clallam Transit

Lorenzen attended Clallam Transit meeting. Since that meeting, the Gateway is on track for completion.

PRESIDING OFFICER REPORT

Dubois attended the Mayors' Summit in Bremerton. Budget/revenue, labor negotiations, health care and streets were the biggest issues. She met the Mayor of Friday Harbor. Friday Harbor is having their 100th anniversary. They are having a time capsule. She thinks Sequim should do that also.

CITY MANAGER REPORT

- a. Grant/Loan Award for Expansion of Water Reclamation
- b. Partnership with Sequim's New Radio Station, KSQM at 91.5 FM
- c. Festival Costs from LTAC
- d. Public Works Director Recruitment

Herzog reported 2 candidates were interviewed for the Public Works Director. An offer has been made to one candidate. She hopes to know later this week.

The City Manager recruitment will follow. Waldron & Co will do recruitment. Tom Waldron will attend the Council meeting in two weeks and offer three options for the recruitment process.

She toured the Boys & Girls Club and saw how the City's money supports the club. She encouraged Council to have a meeting in that building.

The April 22 volunteer recognition event recognizing the City's volunteers was a success. She thanked those who helped organize the event.

The City received the \$8 million for the WRF expansion. \$5.5 million is a 2.1% interest loan. The other \$2.5 million is a grant from DOE.

Herzog stated staff recommendations were presented during the first quarter financial discussion. She distributed an informal survey to Council for their direction to staff. The results are attached as Attachment 1 and the results show:

- Move \$13,725 festival expenses from General Fund to LTAC: **Yes, unanimous.**
- Save \$10,000 in General Fund by not doing citizen survey in 2009: **Yes, unanimous.**
- Save \$7,500 in General Fund by deleting VMWare (IT) additional consultant work in 2009: **Yes** by McHugh, Dubois, Hays, Erichsen, Schubert, Huizinga. Lorenzen depends on how critical the IT consultant work is; maybe.
- Hold Police Department to ½-time management assistant for all of 2009 (saves

- \$25,000): **Yes, unanimous.**
- Spend (so far unbudgeted) \$25,000 for sub-area plan consultant: **Yes** by McHugh, Dubois, Hays, Schubert, Huizinga. **No** by Lorenzen and Erichsen.
- Spend (so far unbudgeted) \$10,000 for Phase 2 of Affordable Housing Consultant (approved later in this meeting) **Yes** by Huizinga and Schubert.
- Defer \$7,000 (General Fund) in building repairs on building that houses Head Start: **Yes, unanimous.**
- Reduce \$40,000 in transfers from General Fund to streets (accounting for higher than expected streets beginning fund balance): **Yes** by McHugh, Dubois, Hays, Schubert, Huizinga. **No** by Erichsen; Lorenzen voted reduce by how much? **Maybe.**
- Direct staff to propose ways to net yard waste costs and revenues: **Yes, unanimous.**

Affordable Housing Needs Assessment – Tom Beckwith

Beckwith reported that the average household should pay no more than 30% of all income for all housing costs including rent/mortgage and utilities. He identified the basis for the analysis. Sequim's projected rate of population growth is significantly higher than other areas of the state. A significant portion of the growth will be from older, empty nester and retirement age households due to the area's moderate climate, recreational amenities and other attractions for these age and household groups. Average number of household is lower; ratio of population support by residents was 1 employee per every 3.9 residents.

In 2000, 63% were driving into the City to provide base employment services.

McHugh stated the cost of land and permits is high in Sequim. Beckwith explained options used by other cities to provide affordable housing.

Next steps and possible tools are recommended in the report. Regulatory issues and land trusts can be pursued. Phase II can identify other players.

Erichsen stated the City has never asked the citizens what they want to see here for affordable housing. There is a lot to what Mr. Romano has said at a prior meeting.

Beckwith stated Phase II has the option to survey the community. Other cities have conducted such surveys.

Pam Tietz, Executive Director of Clallam County Housing Authority, stated what Beckwith is saying is true. The property on the east end of town is 108 units and was rented in less than 4 months. There is a huge housing need in this community. Several things need to be addressed to make it work. It can be done with design standards. They are building a mixed-income community in Port Angeles. The Housing Authority can do this given the right opportunities to make it feasible. The Housing Authority owns the land. There is a huge opportunity now to do the planning to get from point A to point B. Most of the units will be created with tax credits. We need to plan now so we are ready to go when the market rebounds. Decreased parking requirements would be a possibility. Density is another issue. The sub area plan is really

important if you are going to create affordable housing. Do not defer the sub area plan. It makes it easier to create affordable housing if the height restrictions are lifted, but it is not critical. Homeward Bound is a land trust in the county and they would be happy to partner. She would encourage Council to proceed with Phase II. The Housing Authority is ready to help and will be at the table.

Jim McIntyre, Port Commissioner, stated ports, cities and counties have the ability to form partnerships to take advantage of tax credits. He extends the same offer as the Tribe to enter into some type of economic development project on the construction side and provide adequate accessible educated trained workforce to reduce the amount of stress on working families. Try to disconnect land prices from house prices. In Hawaii families have fee title to the dwelling but leasehold interest on the land.

Ron Fairclough, 153 W Spruce Street, said it is important to develop neighborhoods. He studied co-housing. You automatically have a neighborhood group of people. Start thinking more of high rise. The preferred floor in China is the 7th floor. Start selling it to the public and we could go up right away.

1. Authorize additional money for Affordable Housing Study Phase II

McHugh stated it is important to have staff bring back recommendations on how to finance Phase II. We need to keep the momentum going. Dubois agrees. McHugh does not think we need the consultant for the elements staff can complete. Hays feels we need a consultant on this and we need to move forward with the sub area plan. All agreed to move forward with Phase II.

The agreement reached was to direct staff to bring back a contract with the consultant, engage other partners to form a coalition and bring back options for financing Phase 2.

Mayor Dubois called for a break at 8:30. The meeting was reconvened at 8:40.

INFORMATION/COUNCIL QUESTIONS INVITED

2. Transportation System Planning: describe road log, needs and benefits
3. Comprehensive Plan Amendments 2008/2009

PUBLIC HEARINGS

CONSENT AGENDA

4. Approve/Acknowledge
 - a. City Council Meeting Minutes – April 13, 2009
 - b. Change Order #4 for Water Reclamation Facility in the amount of \$3,091.06
 - c. Resolution No. R-2009-04 amending guidelines for disposition of surplus property
 - d. Resolution No. R-2009-05 adopting an identity theft policy
 - e. Claim Voucher dated 4/27/09 total payments \$1,094,210.61

MOTION to approve Consent Agenda as presented made by Lorenzen; second by Hays.
Carried Unanimously.

UNFINISHED BUSINESS

5. Appoint representative to the Marine Resources Committee

Hays agreed to attend until a new Public Works Director is hired.

NEW BUSINESS

GOOD OF THE ORDER

PUBLIC COMMENTS *(Please limit comments to 3 minutes each)*

EXECUTIVE SESSION Mayor Dubois announced there is an executive session on labor negotiations and property acquisition. It is expected to last 17 minutes and action will be taken on property acquisition. The meeting was recessed at 8:53 p.m. Ritchie announced an additional 10 minutes at 9:05 p.m. The meeting resumed at 9:15.

MOTION to decline the offer of Mr. Fairclough for his property on West Spruce Street made by Lorenzen; second by Erichsen. **Carried Unanimously.**

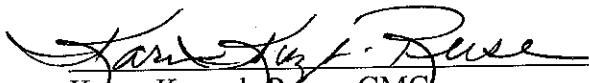
NEXT MEETING DATE


Mayor Dubois announced the next meeting date of May 11, 2009 at 5:00 p.m.

ADJOURNMENT

MOTION to adjourn at 9:15 p.m. made by Huizinga; second by Erichsen. **Carried Unanimously.**

Respectfully submitted,


Karen Kuznek Reese, CMC
City Clerk


Laura Dubois
Mayor

Minutes approved at a regular council meeting held on May 11, 2009.

WITH 4" Y" OR AN "N"
Please in detail

you willing mess to support each 3

	PAUL	SUSAN	LAURA	KEN	ERIK	MAST	BILL
MOVE \$13,725 festival expenses from GF to LTAC	yes	yes	Yes	Y	Yes	X	Y
Give \$10K in GF buy not during citizen survey in 2009	yes	yes	Yes	Y	Yes	Y	Y
Give \$7500 in GF buy detour VMWare (IT administrative consultant work in 2009)	yes	Depends on how critical the IT consultant work is. Maybe.	Yes	Y	Yes	Y	Y
Hold PD to 1/2-time management assistant for all of 2009 (save \$25K)	yes	Yes	Yes	Y	Yes	X	Y
Spend (so far in budgeted) \$25,000 for Area Plan Committee	yes	No	Yes	Y	NO	X	Y
Spend (so far in budgeted) \$10K for Phase 2 of Affordable Housing consultant	later in this meeting	later in this meeting					
Repair \$7K in building repairs in building that Robson need start	yes	yes	Yes	Y	Yes	Y	Y
Reduce \$40K in transport from GF to assets (accounting for higher than expected Street lighting tax)	yes	Reduce by how much? Maybe	Yes	Y	NO	Y	Y
Direct staff to propose ways to meet grant wants early and save	yes	handwritten yes - removed is important	Yes	Y	Yes	X	Y