

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

**JULY 13, 2009**

**4:00 P.M. EXECUTIVE SESSION**

**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.

**MOTION** to excuse Susan Lorenzen for medical reasons made by Schubert; second by Hays. **Carried Unanimously.**

Mayor Dubois called the meeting to order and announced there will be an executive session. This session is to discuss City Manager qualifications and union contracts. It will last approximately one hour. No action is anticipated.

**5:00 P.M. REGULAR COUNCIL MEETING**

Mayor Dubois reconvened the meeting at 5:00 p.m. She announced that the Council met with the recruitment consultant. They reviewed the candidate pool. Waldron will perform further research and provide a shorter list. There will be another meeting before there is a list of finalists.

Mayor Dubois announced they will again go into executive session to discuss union contract negotiations. It will last 10 minutes and action is anticipated. The meeting was reconvened at 5:15 p.m.

**MOTION** to approve the management proposal of an increase of ½% for the budget year 2010 salary scale contingent on an extension of the current contract for one year made by Lorenzen; second by Schubert. **Carried Unanimously.**

Kuznek-Reese clarified that Susan Lorenzen is present. She arrived earlier at 4:35 pm and was in both executive sessions.

Hays indicated he wants to add items to the agenda. He would like to reconsider approval of two items on the consent agenda from the June 22 council meeting.

**PLEDGE OF ALLEGIANCE**

City Staff present: Admin. Service Director Karen Goschen, Clerk Karen Kuznek-Reese, Associate Planner Joe Irvin, Public Works Director Ben Rankin, City Attorney Craig Ritchie, Police Chief Robert Spinks and Interim City Manager Linda Herzog.

## **INTRODUCTIONS & CORRESPONDENCE**

Introduction and welcome to Ben Rankin, Public Works Director

1. Budget and financial policy discussions for 2010 and beyond

Herzog stated this budget discussion is very important to staff. She encouraged council to give as much feedback as possible.

Goschen indicated she has distributed a Powerpoint presentation to Council. She provided a quick review from the previous meeting. Is there Council support to bring back the sustainability policy? Herzog stated that most cities do start internally.

Dubois saw the policy as a statement to the staff and citizens that when Council makes a decision, the policy would be considered. Erichsen asked what is the cost of sustainability? If it will cost more, he is not sure he would be supportive. If it would be a philosophy and not cost any more money, he would be in support. Hays feels that efficiencies should have a reasonable period of payback. He would look at a policy that would cause staff to do things in a different way if it does provide payback in the long run.

Goschen stated this can be a large project depending on the extent. Perhaps a policy statement could be developed this year. She is not sure it is the best allocation of funds if we need to hire consultants. Goschen will keep sustainability concepts in mind and look at the 2010 work program to consider developing a basis for a sustainability policy. This can be addressed further as funds become more available. There was Council consensus.

Herzog stated the sustainability policy was to be discussed at a staff retreat that has been delayed. After management team discussion, issues can be brought to Council on August 31 during the next work program update.

There was discussion concerning economic development. It would be useful to have the EDC and others share ideas with the Council in a joint meeting. This should be a regional effort. The agencies involved would be the EDC, Chamber, and Peninsula Development District. Economic development does mean growth.

There was discussion concerning "boom-time" revenues. Goschen indicated she can include the current structure of our economic base. It may change the focus of how we track.

Goschen indicated she has met with a consultant on allocation methods. We will change the way we do allocations. This will take place in 2010. There will be additional costs to various

departments in 2010. Sales tax is 20% below budget for 2009. What assumption will we make for 2010?

Stable revenues are 54% of revenues and include property tax, utility B&O tax and interfund service fees. Fluctuating revenues can be 28-55% of total revenues such as sales tax, plan check and other fees as well as grants. Fluctuating revenues depend on the economy. We have the potential to raise fees and taxes. Last year we did a review of fees and will do so again this year taking the allocation method into consideration. There was discussion concerning raising the B&O tax and a rate increase for water and sewer.

Goschen explained that GFOA recommends a fund balance of \$370,000 to \$1.3 million. In 2009 staff recommends a \$750,000 ending balance. The 2010 recommendation is \$500,000. This still falls within the GFOA recommendation. She explained that this number is based on a number of months of operations expenses or a percentage of the revenue. If the fund balance is not lowered, it will mean reducing services and staff.

Council discussed prioritizing services. It was suggested using temporary buildings and not renewing the Public Works lease. There are other things we could look at before reducing reserves below \$1 million.

Goschen explained that once we have Council guidance on a target reserve level, we will look at dollars needed to match that and management will develop a plan and come back to Council.

McHugh stated that when we look at a decline in revenue, we need to take an objective look at whether we need planning, building, and public works positions. Do we need to continue with the same number of people when we don't have the growth and development? He is pleased a street sweeper comes by once a week but is it really necessary? We need to take a look at those and prioritize.

Council felt they need a complete list of services and start prioritizing those. Cuts in services could also result in staff cuts. This is where we need to start. Council cannot predict the economic future and needs to be very conservative.

Goschen explained staff turnover is costly. She recommends using reserves in the interim and non-sustainable revenue for the transition.

Dubois announced a five minute break at 7:12 p.m. The meeting was reconvened at 7:17 p.m.

Goschen explained how sustainable revenue was developed. It was suggested to develop a \$1 million reserve and what happens if we do that? What services will then be cut?

It was agreed that the capital facilities fund is off limits. Herzog added that to keep the fund level at \$750,000, there will be a staff reduction.

McHugh suggests \$750,000 balance; leave the Capital Facilities Fund alone; and have staff come

back with potential cuts.

There was Council consensus that the Capital Facilities Fund will not be used to help the General Fund. Huizinga, Hays, Dubois, Lorenzen, and McHugh all agreed with a fund balance of \$750,000. Erichsen and Schubert agreed to a \$1 million balance.

Council would like to see a list of services the City provides and have it indicate which services are mandatory.

Lorenzen, McHugh, Dubois and Hays all agreed they would consider a B&O tax increase while Schubert, Huizinga and Erichsen would not.

Dubois called a five-minute break at 8:40.

Don Hall, 912 E Oak, thanked Council for their work. He agrees with a majority of the issues. The reserves should stay at \$750,000 and the Capital Facilities Fund should be left alone. Raise the B&O tax where possible. He believes in a balanced budget. You will have to do what you have to do.

## **CEREMONIAL**

## **REPORTS**

### **COMMITTEE, BOARD AND LIAISON SUMMARY**

Schubert reported that the Planning Commission approved design standards revisions at their meeting on July 7. They reviewed the 6 year TIP and had a first touch on Chapter 12 revisions.

Erichsen stated there was a special meeting of SMAC to discuss funding the Lavender Festival. They recommended using hotel/motel funds not to exceed \$2,280.

### **Vickie Maples – Chamber of Commerce quarterly update**

Maples reported they have completed the interior reorganization of the Visitor Information Center. Credit cards are now accepted. She reported activity at the VIC.

## **PRESIDING OFFICER REPORT**

Mayor Dubois announced Music in the Park will be held tomorrow night. The movie will be held the last Tuesday of the month.

## **CITY MANAGER REPORT**

Herzog announced that Kuznek-Reese has achieved her Master Municipal Clerk certification.

## INFORMATION/COUNCIL QUESTIONS INVITED

2. Sequim Dungeness Valley Chamber of Commerce on “Restoring trolley service for festivals and special events”
3. Designing a Reclaimed Water Distribution System – Skillings & Connolly scope of work Phase II
4. Technology Reserve Fund: commitment to future technology investments
5. Proposed Resolution establishing policy and procedures for issuance of City Proclamations, Certificates of Appreciation and Certificates of Recognition
6. Proposed Ordinance correcting a scrivener’s error in SMC 12 regarding street standards
7. Sub Area Plan scope of work

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

Don Hall, 912 E. Oak, said the Parks Master Plan references Dr. Standard Memorial Park and its connection to Sequim trails. This park is outside of the City limits. It is a County park but used by the City. It is also the City’s wellfield. He would like to see it annexed. He does not want to spend any additional money on this park since it is in the County.

## **PUBLIC HEARINGS (Legislative)**

8. Kelley Annexation 07/002

Lefevre indicated this annexation includes 20 parcels for a total of 10.3 acres on the south side of the City. A majority of the lots were created through a process with the County. They have been built to City standards and are receiving utilities from the City. An additional parcel owned by the Johnsons is included in this annexation. There were initial discussions with the Bell family who chose not to be a part of the annexation. This process will create an island in the City. The proper steps were taken. Boundary Review Board review has been completed and the Planning Commission and planning staff recommend approval.

The public hearing was opened at 9:30 p.m.

Don Hall stated this has been going on since September 2007. The Planning Commission unanimously approved this annexation. He recommends approval as well.

Mike East, 660 Happy View Lane, is on the Planning Commission. He has walked the property. The retention pond and streets are in. It is nice property, with good views and he recommends approval.

The public hearing was closed at 9:31 p.m.

**MOTION** to adopt the findings of fact and Ordinance 2009-010 annexing the 20 subject properties totaling 10.29 acres and as described in the legal description included as Exhibit A and shown on the map included as Exhibit B and adopt the City of Sequim zoning designation of R-II for this area consistent with the land use designation of the adopted Sequim Comprehensive Plan (August 2006) and waive the second reading made

by McHugh; second by Schubert.

Hays feels the City needs to have an annexation policy before approving any annexation. Erichsen is concerned about accepting liability at a cost to the City. There is no assurance we will be able to afford this annexation. Schubert indicated this annexation has met all the requirements. Staff and Planning Commission have recommended approval. He will vote in favor.

Joseph Kelly, applicant, explained the erosion control work that has been completed on this property. He has installed additional control fences and the retention pond is in place. It was his understanding that everything would be brought to City standards and when it was annexed the roads would be City roads.

**Amendment** to the motion to include a condition that the roads of the subdivision be dedicated to the City of Sequim and be public roads and that the owner dedicate an easement for drainage of the road subject to inspection and acceptance of the road and drainage by the City made by Lorenzen; second by Erichsen.

Vote on the amendment. **Carried unanimously.**

Vote on the main motion. Aye by McHugh, Lorenzen, Dubois, Hays, Schubert, Huizinga. Nay by Erichsen. **Motion Carries.**

## **CONSENT AGENDA**

9. Approve/Acknowledge
  - a. City Council Meeting Minutes – June 22, 2009
  - b. City Council Meeting Minutes – June 29, 2009
  - c. Claim Voucher recap dated July 13, 2009 total payments \$328,047.79
  - d. Contract regarding payment of City expenses to support the operation of the Lavender Festival

**MOTION** to approve as presented made by Lorenzen; second by McHugh. **Carried Unanimously.**

## **UNFINISHED BUSINESS**

10. Establish interview process for Park Board applicants

It was agreed to continue with the process previously established. The interview panel will consist of the Mayor, Park Board liaison, and Park Board Chair. Dubois indicated she is out of town this week. Ken Hays will sit in for Laura. Kuznek-Reese will attempt to schedule for Thursday or Friday after 4pm.

There was consensus to reappoint Roger Fell to his position on the Park Board.

11. Reconsideration of two items from the Consent Agenda on June 22, 2009

Hays stated the two subdivision approval extensions were bundled with the Consent Agenda. The surrounding owners were notified. These extensions should have been public hearings or allowed public testimony.

**MOTION** to reconsider two Consent Agenda items from the June 22, 2009 meeting which are Preliminary Plat Extension Request for the Home Subdivision SUB06-004 and Preliminary Plat Extension Request for the Sorrento Subdivision SUB06-003 to be held at the next regular meeting on July 27, 2009 at 6:00 p.m., made by Hays; second by Lorenzen. Aye by McHugh, Lorenzen, Dubois, Hays, Erichsen, Schubert. Nay by Huizinga. **Motion carries.**

**NEW BUSINESS**

**GOOD OF THE ORDER**

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

**EXECUTIVE SESSION**

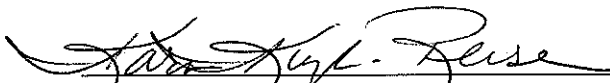
**NEXT MEETING DATE**


Mayor Dubois announced the next meeting dates of July 27, 2009 at 5:00 p.m. and August 10, 2009 at 5:00 p.m.

**ADJOURNMENT**

**MOTION** to adjourn at 10:07 p.m. made by Hays; second by Lorenzen. **Carried Unanimously.**

Respectfully submitted,

  
Karen Kuznek-Reese, CMC  
City Clerk

  
Laufa Dubois  
Mayor

Minutes approved at a regular council meeting held on July 27, 2009.