

*Town of La Conner*  
Town Council Meeting  
March 10, 2009 – 6:00 p.m.  
Upper Maple Center

---

---

The regular meeting of the La Conner Town Council was called to order at 6:00 p.m.

Present: Mayor Hayes, Councilmembers Brunisholz, Hubbard, O'Donnell, Johnson, and Wright.  
Also Present: Administrator/Planner Doyle, Public Works Director Lease, Finance Director Taylor, Kelly Wynn, Fire Chief Taylor, and Sergeant Wise.

---

---

**Approval of Agenda:**

**Councilmember Johnson moved to amend the agenda by moving the Executive Session after the Mayor's Report and only discussion on the 2009 Tribe Sewer Rate and Fair Share Adjustment. Seconded by Councilmember Hubbard. Carried 5-0.**

**Approval of Minutes:**

**Councilmember Hubbard moved to approve the minutes of the February 24, 2009 Town Council meeting. Seconded by Councilmember Brunisholz. Carried 3-0. Councilmembers Wright and Johnson abstained.**

**Approval of Accounts Payable:**

**Councilmember Hubbard moved to approve checks 7138 through 7195 dated March 10, 2009 in the amount of \$128,421.82 as presented. Seconded by Councilmember Johnson. Carried 5-0.**

**Approval of Payroll:**

**Councilmember Brunisholz moved to approve payroll checks 1550 through 1563 and direct deposits for the payroll period of February 16 through February 28, 2009 in the amount of \$37,314.56 as presented. Seconded by Councilmember Hubbard. Carried 5-0.**

**Community Comments:** Jim Lewis, 609 Tillinghast, inquired about negotiations with the county regarding police services, and if the Swinomish Tribe had been contacted regarding police service.

**Chamber Report:** Marci Plank stated that King 5 returned and showed a much more positive side to business in La Conner. The Chamber has put together a \$1.00 coupon book for lodging, shopping and restaurants in La Conner. The Chamber is continuing to work on a television commercial featuring a wedding in La Conner.

**Department Head Reports:**

- **Revenue/Expenditure Report February 2009:** Ms. Taylor stated that the interest rates continue to decline, but the sales tax revenues for February were at projected percentages.

- Administrator: Administrator Doyle stated that La Conner will receive Federal Stimulus funding for Maple Street through the WA Department of Transportation. It is being submitted through SCOG as part of the County's submittal. He stated there were only four projects funded in Skagit County.
- Public Works: Councilmember Brunisholz inquired about residential streets without sidewalks and the necessity of yellow lines down the center of the streets. Mr. Brunisholz also inquired about recycling for La Conner with Waste Management. Public Works Director Lease will look into this matter and report back to council.
- Water Wastewater: There were no comments or questions on the report included in the council packet.
- Fire Department: There were no comments or questions on the report included in the council packet.
- Sheriff's Department: Sergeant Wise stated that there were no burglaries in February, one was a false alarm and the other was alcohol related.

**Mayor's Report:** Mayor Hayes stated that the Town is moving forward with the skate park and may model funding after the City of Anacortes with community events and donations.

He reviewed the details of a commercial featuring the Town of La Conner and a wedding couple that will be funded by the Port of Skagit, Chamber of Commerce and the Town. Council requested that the commercial feature the Garden Club due to its historical significance.

Mayor Hayes stated that one officer is retiring in the Skagit County Sheriff's Department and the Town will realize a cost reduction for services in 2009. In 2010, the Town will have 3 deputies and a half time sergeant.

**EXECUTIVE SESSION: Real Estate Appraisal and potential litigation**

At 6:34 p.m. the Mayor stated the Council will be going into executive session to discuss a real estate appraisal and potential litigation for 20 minutes. At 7:00 p.m., the council reconvened into regular session.

**Council Committee Reports:**

**Councilmember Johnson:**

- Certificates of Deposit – Ms. Johnson stated the committee recommended a six month CD with Coastal Community Bank at the interest rate of 2.3% when the CD with Prime Pacific matures on March 19, 2009. Their second recommendation was a six month CD with Summit Bank at an interest rate of 1.98%, if a CD is not available at Coastal Community Bank. The purpose was to ladder the Town's CD's.
- Sewer Cumulative Reserve - Administrator Doyle explained the process for using the Town and the Swinomish Tribe Cumulative Reserve funds for capital projects and the relating ratios between pipe and plant.
- Gambling Taxes – The committee recommends the Council support the increase of the gambling tax from 2% to 4% on punch boards and pull tabs, and approve the Quarterly Report Tax Form. Discussion followed on the percent of increase, contacting the proprietor, and staff will research gambling taxes with the State of Washington. It was decided to put this item on the March 24 agenda.

**Councilmember O'Donnell:** stated he had a Utility Meeting with Administrator Doyle on March 10.

Mayor Hayes called a five minute break at 7:14 p.m.

**Water & Sewer Rate Study:** Councilmember O'Donnell presented an overview of his water utility rate study for the years of 2009 through 2014.

1. Take Inventory – water consumption in the Town is decreasing, but the model assumes a 2% increase in consumption. In 2009 the Town of La Conner used 9 million gallons of water.
2. Determine Cost of Goods Sold – used 2008 – 2010 Anacortes rate and added 12% increase in 2011. The current cost per year is \$141,731 for water.
3. Setting the Base Charge – stated that the overhead costs were \$150,699, and total fixed costs are \$15.39 per month (excluding seniors) in 2009.
4. List the Operating (Variable) Costs – used the numbers from the 2009 budget.
5. Set the Volume Rate – stated that Shelter Bay’s operating cost is \$107,958 and agriculture cost is \$9,386 in 2009 with a rate at \$1.49 per CCF. With calculating a 10% factor for water leaks, La Conner’s rate would be set at 90% at \$2.07 per ccf.
6. List Capital Improvements – recommends using the Public Works Trust Fund for capital loans for 2010 through 2012.
7. Calculate Debt Service – assumes borrowing \$733,496 from the PWTF.
8. Analyze Cash Flow – assumes \$100,000 set aside for emergencies and annual increases ranging from 1.13% to 10.71% in 2014.
9. Cumulative Reserve – assumes borrowing \$30,000 in 2014 resulting in cumulative reserves dropping below \$100,000.

Administrator Doyle stated that operating costs should be fixed (not variable), because we incur overhead costs even when no water is used. He also questioned the assumption of water consumption going up when usage patterns are decreasing. Mr. O’Donnell agreed to provide staff with a copy of his presentation.

It was decided to compare Katy Isaksen and Dan O’Donnell’s utility study at the next council meeting to determine which model to adopt, and hold a public hearing on April 14, 2009.

**2009 Tribe Sewer Rate & Fair Share Adjustment:** Councilmember O’Donnell referred to a memo from Evan Henke regarding internal offset flow and that only 5% is internal. Mr. O’Donnell proposed a rate of .4688 cents per 100 gallons for the Tribe, and Mr. Henke is proposing .3771% per 100 gallons with the Tribe’s request to use tribal cumulative reserves. Mr. O’Donnell suggested revising the pipe, plant and other form for calculating the tribe sewer rate. A utility committee meeting was set for March 17 at 8 a.m.

**Facility Rates:** Mayor Hayes stated that Maple Hall/Maple Center has been losing money. The Town charges full rate of \$825 on Friday through Sunday’s at Maple Hall/Maple Center. Mr. Hayes suggests giving a discount to conferences (with attendee’s of 200 or more) on Monday through Thursday at a fee of \$400 for the full facility, and \$300 for Maple Hall. Parking in the parking lot would be included in the cost of the rentals.

The rate for the Garden Club for Friday through Sunday is \$375, non-profit rate is currently \$187.50, and the community rate is \$93.75. The Mayor proposed adjusting the community rate for the Garden Club to \$65. Discussion followed on covering our costs and overhead on the facilities. This item will be on the agenda for the March 24<sup>th</sup> meeting.

**Miscellaneous:** Mayor Hayes stated that he has received several calls from Proverbs 31 University to use Maple Hall each Saturday in May. It was the consensus of the council to offer the use of the Garden Club for the month of May.

There being no further business the meeting was adjourned at 8:10 p.m.

---

Lorraine Taylor, Town Clerk

---

Ramon Hayes, Mayor