

***Town of La Conner***  
Town Council Meeting  
March 24, 2009 – 6:00 p.m.

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Present: Mayor Hayes, Councilmembers Brunisholz, Hubbard, and O'Donnell

Also Present: Town Administrator Doyle, Finance Director Taylor, Town Engineer Henke, and Sergeant Wise.

Councilmember O'Donnell moved to excuse the absence of Councilmembers Johnson. Seconded by Councilmember Hubbard. Carried 3-0.

Councilmember Brunisholz moved to excuse the absence of Councilmembers Wright. Seconded by Councilmember Hubbard. Carried 3-0.

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**Approval of Agenda:**

**Councilmember Brunisholz moved to amend the agenda by adding the Shelter Bay agreement and water under billing in New Business and a Cabaret License for Seeds in Miscellaneous. Seconded by Councilmember Hubbard. Carried 3-0.**

**Approval of Minutes:**

**Councilmember Hubbard moved to approve the minutes of the March 10, 2009 regular town council meeting as amended. Seconded by Councilmember O'Donnell. Carried 3-0.**

**Approval of Accounts Payable:**

**Councilmember Hubbard moved to approve vouchers 7196 through 7243 dated March 24, 2009 in the amount of \$106,038.84 as presented. Seconded by Councilmember Brunisholz. Carried 3-0.**

**Approval of Payroll:**

**Councilmember Brunisholz moved to approve payroll warrants 1564 through 1569 and direct deposits for the payroll period March 1 through March 15, 2009 in the amount of \$22,495.74 as presented. Seconded by Councilmember Hubbard. Carried 3-0.**

**Community Comments:**

Ken Knopf, 223 Skagit Way, requested council approval to allow horses in the Tulip Parade on behalf of the Kiwanis.

**Councilmember Hubbard moved to approve horses in the Tulip Parade. Seconded by Councilmember Brunisholz. Carried 3-0.**

**Administrator's Report:** Administrator Doyle reported on the following:

**American Reinvestment & Recovery Act (Federal Stimulus)** – Administrator Doyle stated that the Town was awarded a grant from WSDOT for the Maple Avenue Overlay & Sidewalk Improvements. In order to be timely for the grant, sidewalks on the eastside will be removed from the application, but ADA requirements will be included on the sidewalks on the westside. Mr. Doyle stated that he has drafted an interlocal agreement with Skagit County and the Town Attorney will review it before it comes to council for approval.

**Skagit Watershed Alternative Futures Program** – Mr. Doyle stated that the County has received a grant to evaluate long-term planning alternatives. There are four options they will be reviewing – urban areas, maximizing farm area, environmental issues, and maximum growth.

**Council Correspondence** – Mr. Doyle stated he has included some communications from Councilmember O'Donnell in his report, and they might provide background information for items on the agenda.

(Councilmember Wright arrived at 6:14 p.m.)

**Mayor's Report:**

Mayor Hayes reported that he has appointed Tom Wynn to the Parks Commission and requested council approval.

**Councilmember Brunisholz moved to approve the appointment of Tom Wynn to the Parks Commission. Seconded by Councilmember Wright. Carried 4-0.**

Mayor Hayes stated that the Town has received from the Skagit County Sheriff's Office a reduction in police services, resulting in a \$46,666 savings for 2009 and \$70,000 in 2010. This will leave the Town with 3 officers and a part-time sergeant. The Town will have 140 hours of coverage per week. He stated that the office space will be divided and the Town will seek a tenant for the remaining space.

**Councilmember Wright moved to authorize the Mayor to sign the addendum to the Skagit County Sheriff's Contract for police services. Seconded by Councilmember Hubbard. Carried 4-0.**

Mayor Hayes stated that the 140 hours per week that the Town contracts for with the county is dedicated coverage to the Town of La Conner, and provides a high level of service. He also stated that City of Concrete pays \$210,000 for 80 hours of coverage per week with a 10 minute response time. He provided council with a comparison of levels of service for surrounding jurisdictions, with La Conner having the best level of service in the valley.

Mayor Hayes referred to a memo from Councilmember O'Donnell regarding an abatement issue on Caledonia in which he stated no action has been taken. Mayor Hayes stated that the Town and the Code Enforcement Officer have been working on this issue for six months.

Bill Stokes, Code Enforcement Officer, stated that he had first contacted the resident in 2007 regarding his dog running loose. In February 2008 an abatement notice was served and the resident starting clearing brush on the property, removed several appliances, and removed one vehicle and seems to be continuing to comply with the notice. The severe winter slowed the progress, but he has communicated that he is continuing to work on the problem. Mr. Stokes felt that the \$100 per day fine and a lien on the property would be a hardship. He stated that since the problem has been going on for 14 years, he is pleased with the slow progress and encourages community cooperation and working with people on these issues. Mr. Stokes stated that there are others who have cars and overgrown brush in their front yards.

**Council Committee Reports:**

**Councilmember Hubbard – Parks Commission Report:**

- The Parks Commission is working on the memorial bench project and hopes to have one available soon for residents to look at and possibly purchase.
- Students will be having fundraisers to obtain additional money for a skateboard park.
- The three antique kiosks that the town purchased will be powder coated by public works and the first one will be placed in Gilkey Park.
- The Pioneer Park map signs are complete and public works will install them with wood frames. The Mayor is working on obtaining a possible economic development grant for the Kirsch property.

**Finance & Investment Committee:**

- A 6 month certificate of deposit will be purchased with Summit Bank at 2%.
- The Skagit County Community Action Agency has the funds to pay the \$37,000 note owed on Channel Cove from the previous owner Skagit Housing Solutions.

**Councilmember Hubbard moved to accept the payment of \$37,000 note for drainage fees owing on Channel Cove. Seconded by Councilmember Wright. Carried 4-0.**

- The committee recommends the Council approve the reduction in cost for police services in 2009 and 2010.

**Councilmember Hubbard moved to authorize the Mayor to sign Amendment No. 1 to the Interlocal Agreement for Law Enforcement between the Town of La Conner and the Skagit County Sheriff's Office. Seconded by Councilmember Wright. Carried 4-0.**

- The committee recommends the Town approve the State Auditor's recommendation that separate funds be created in the budget for all reserve funds, restricted funds, and Cumulative Reserve funds when the 2009 budget amendment is done.

**Councilmember Hubbard moved to approve the State Auditor's recommendation regarding separate funds in the budget. Seconded by Councilmember Wright. Carried 4-0.**

- The committee recommends that the Council approve amending the agreement with Fire District 13 to a five year rolling average for the cost per call calculation.

**Councilmember Hubbard moved to approve amending the cost per call calculation in the agreement with Fire District 13 and authorizing the Mayor to sign. Seconded by Councilmember O'Donnell. Carried 4-0.**

- The committee recommends that the Council approve increasing the gambling tax from 2% to 4%.

**Councilmember Hubbard moved to increase the gambling tax to 4% on pull tabs/punch cards. Seconded by Councilmember Brunisholz. Tie vote with Councilmembers Wright and O'Donnell voting nay. Mayor Hayes voted nay and the motion failed.**

- The committee reviewed a Request for Proposal for new Municipal Finance Software which will be issued for the month of April, 2009.

**Flood Control:** Councilmember O'Donnell and Administrator Doyle attended a meeting Flood Advisory Committee meeting. The GI study requires that all flood measures must have a restoration or mitigation component, and La Conner doesn't have any projects that need restoration, such as armory in the channel and degradation in Sullivan Slough.

Mr. O'Donnell inquired about the status of grant money from FCAAP. Mr. Doyle stated that the Department of Ecology may not have any funds available for grants this year. Mr. O'Donnell stated that the Town should buy the land and do a survey for the gap filler. He estimates the cost at \$42,000.

At 7:10 p.m. Mayor Hayes called a five minute break.

**Water & Sewer Rate Study:** Katy Isaksen presented a Utility Financial Planning Model for water sewer rates in the Town of La Conner with the following recommendations:

- Long term outlook - 6 years
- Stable rates over time – adjust rates & avoid drastic changes
- A sustainable plan – to look at types of revenues (one time versus on-going revenues) and make sure they match
- Reasonably conservative assumption – error on the low side for revenue and the high side for expenditures
- Revenues and expenditures are balanced
- Maintain reserves for large water projects (beyond our six year forecast)
- Debt and operations would be paid by rates each year
- Focus on 2009 – 2010 regarding the water supply from Anacortes and estimating the increase for 2011

Ms. Isaksen stated that she had reviewed the study submitted at the last council meeting and felt there were some pitfalls that should be avoided:

- The study uses less conservative assumptions and is more risky
- Uses reserves to fund a portion of debt payment and that is not sustainable
- Leads to larger rate impacts when reserves are depleted

Ms. Isaksen gave an example of water & sewer rates for an average single family resulting in an increase of \$6.00 per year.

	2008	2009	2010
Water	\$27.48	\$30.26	\$33.04
Sewer	<u>\$34.13</u>	<u>\$37.42</u>	<u>\$40.72</u>
Total	\$61.61	\$67.68	\$73.76

Other adjustments to water – 1) adjust larger meter multiplier to 3/4" meter, and 2) begin reducing allowance for larger meters every other year until 2011. Four of the public works water projects would be funded with a Public Works Trust Fund Loan, applying in 2009 and receiving the funds in 2010, and delaying three water projects.

There will be rate structure adjustments with an estimated increase for Shelter Bay of \$19,269 for the base rate and \$3,600 for discontinuing the water allowance.

The sewer model assumes a \$170,000 transfer into the sewer fund from sewer compost starting in 2009, but with the sewer projects planned in 2009, there will be a projected shortfall of \$34,273. The average single families increase will be approximately \$3.29 per month.

Mayor Hayes stated that the council will have a Public Hearing for public input on the water/sewer rates at the next meeting on April 14, 2009.

**Councilmember Wright moved that the model presented by Katy Isaksen for the water/sewer rate study be the basis of discussion for the Public Hearing on April 14, 2009. Seconded by Councilmember Hubbard. Carried 4-0.**

**2009 Tribe Sewer Rate & Fair Share Adjustment:**

**Councilmember Wright moved to approve \$377 for the tribal rate adjustment. Seconded by Councilmember O'Donnell. Carried 4-0.**

Administrator Doyle stated that he had spoke with Mr. John Petrich and he was concurrent with the recommended rate for 2009 of .3769 per 100 gallons, with the tribe rate drawing proportionately from Cumulative Reserve.

Discussion followed on the fact that the rate does not include the internal return flow. Administrator Doyle stated that it has not been approved yet and it will be discussed this year.

**Councilmember Wright moved to approve the proposed rate of .3769 per 100 gallons for the Swinomish Tribe in 2009. Seconded by Councilmember Hubbard. Tie vote with Councilmember Brunisholz and O'Donnell voting nay. Motion carried with Mayor Hayes voting aye.**

**Amending Resolution 422 regarding Art's Alive:**

Administrator Doyle stated that this resolution clarifies the status of Art's Alive, where it will reside, and the continuous relationship with the Town and its Arts Commission through in-kind co-sponsorship and advertising support. The Chamber of Commerce will be the lead organizer of all Art's Alive events.

It was agreed to have the Town Attorney review the proposed amendments to LCMC 2.47 relating to the La Conner Arts Commission.

**Councilmember Wright moved to approve Ordinance No. 1019 amending LCMC 2.47 relating to the La Conner Arts Commission. Seconded by Councilmember Brunisholz. Carried 3-1, with Councilmember O'Donnell voting nay.**

**Councilmember Wright moved to adopt Resolution No. 434 regarding Art's Alive. Seconded by Councilmember Hubbard. Carried 3-1, with Councilmember O'Donnell voting nay.**

**Facility Rates – Amending Conference Rates:**

Councilmember Wright recommended changing attendance at events sponsored by in-town hotels, motels and bed and breakfasts from 200 to 100 people during weekdays.

**Councilmember Hubbard moved to approve Ordinance No. 1020 amending conference rates. Seconded by Councilmember Wright. Carried 4-0.**

**Port of Skagit County Water Utility Acceptance:**

Administrator Doyle stated this was to accept the conveyance of the water line facility that was part of the infrastructure improvement agreement with the Port of Skagit County. Engineer Evan Henke stated that the Port paid for the construction of an old water line and it will be conveyed and maintained by the Town.

**Councilmember Hubbard moved to approve Resolution No. 435 accepting the conveyance of the water line facility. Seconded by Councilmember Wright. Carried 4-0.**

**Shelter Bay:**

Councilmember O'Donnell stated that the Town under-billed Shelter Bay by \$14,852 for water in 2008, and recommended recouping the funds without interest.

**Councilmember Hubbard moved to recover the water fees from Shelter Bay. Seconded by Councilmember O'Donnell. Carried 4-0.**

Councilmember Wright stated that the Utilities Committee recommended allowing Shelter Bay to make payments over a period of a year.

Councilmember O'Donnell recommended that the agreement with Shelter Bay be revised and pass through the capital costs pro-rata.

**Councilmember O'Donnell moved that the administration renegotiate the water supply contract with Shelter Bay. Seconded by Councilmember Brunisholz. Carried 4-0.**

**Miscellaneous:** The Town received from Tracy Powell, Arts Commission Sculpture Chair, a request to purchase the stone and bronze statue titled "Silent Words" by Lloyd Whannell for \$7,500 plus tax. The request has been approved by the La Conner Arts Commission on March 2, 2009.

**Councilmember Brunisholz moved to approve the purchase of "Silent Words". Seconded by Councilmember Wright. Carried 3-0. Councilmember Hubbard abstained.**

The Town received a request for a Cabaret License for live music on Thursday evenings at the Seeds Restaurant.

**Councilmember Hubbard moved to approve the Cabaret License for Seeds Restaurant. Seconded by Councilmember Wright. Carried 3-0. Councilmember Brunisholz abstained.**

Administrator Doyle referred to the correspondence received from Councilmember O'Donnell regarding billings in utilities. He stated the staff has done a complete review of the accounts and made appropriate changes per Council discussions and guidance.

In regards to the billing errors, this was brought to the council's attention by the staff, and the errors in water and sewer billings had been going on for years prior. All of the Town accounts were evaluated for errors for three years prior and recommended to the Utility Committee and Council for the corrections that took place in 2008, and all of the accounts have been credited.

He stated that in the past two years, there have been several staff changes in addition to a new accounting and utility billing system, which has proven problematic. Over the past year, the staff has been working

closely to re-establish institutional memory and update policies and procedures as they come to our attention. Mr. Henke has been instrumental in assisting and training staff on these issues, and staff is being cross trained and is working to improve communications and effectiveness.

Administrator Doyle stated that he would like the memos to cease, that they are taking an inordinate amount of staff time and are unproductive. Additionally, he rejects the criticism that the staff is mismanaged in any way, and will be sharing this information with the council in the future.

Councilmember Brunisholz stated that he appreciates and respects the job Mr. Doyle is doing. Councilmember Hubbard stated that it is not the job of the council to micro-manage the staff.

**Councilmember O'Donnell moved to collect \$4,288.67 from the 20 high-strength sewer customers who were charged normal strength in 2008. Motion failed due to lack of a second.**

Councilmember O'Donnell recommended that all changes to the sewer rates in the computer be by written directive of the Finance Director.

Administrator Doyle stated that in August 2008, Kelly Wynn wrote a memo to Council indicating the error in communications regarding sewer billing account classifications. It has been mentioned several times at Council meetings and Council did not request any retroactive billings. It was accepted as an internal communication error and no action was taken.

There being no further business the meeting was adjourned at 8:42 p.m.

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Lorraine Taylor, Town Clerk

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Ramon Hayes, Mayor