

MINUTES
Ferndale City Council Meeting
Held Monday, December 2, 2002
City Hall Annex Building - 5694 Second Avenue
7:00 p.m.

PRESENT: Councilmember Albert Lavine
Councilmember Mike Reilly
Councilmember Susan Cole
Councilmember Ron Wilson

Councilmember Mel Hansen
Councilmember Marianne Elgart
Councilmember Jerry Landcastle

Mayor Carolyn Jensen presiding

STAFF: City Administrator Roland Signett
Planning Director Tom Black

City Clerk Linda Knutson
Public Works Director Loren Sperry

CALL TO ORDER

The meeting was called to order at 7:10 p.m. by Mayor Carolyn Jensen.

CONSENT AGENDA

The following consent agenda was moved for approval by Councilmember Lavine and seconded by Councilmember Hansen:

1. Approval of Minutes of 11/04/2002 Council Meeting

Motion passed unanimously.

PUBLIC COMMENT

Walt Pollman said that it is sometimes difficult for the audience to hear the Council. He asked that they speak louder and into their microphones.

FINAL PUBLIC HEARING - 2003 PROPOSED BUDGET

Mayor Jensen outlined the protocol for the final public hearing regarding the proposed 2003 budget.

Staff Report:

Administrator Signett explained that he had included some revisions to several funds that more realistically projected property tax revenues, as well as labor costs, and water and sewer operational costs and revenues.

Public Hearing Opened

No one signed up to speak.

Public Hearing Closed

Councilmember Landcastle stated that he was not prepared to vote on the budget until he had more of an opportunity to study the new information being presented. He suggested that another workshop be held to further discuss various issues impacting the budget.

The Council will meet on Thursday, December 5th, from 3 p.m. to 6 p.m. in a workshop to discuss the 2003 budget.

RELATED DISCUSSION/MOTION: 2003 Water and Sewer Rates and Connection Fee Increases

Councilmember Hansen suggested dealing with certain budget issues that could be decided at this meeting. The first issue were the water and sewer rates and connection fees. Administrator Signett explained the surcharge scenario and the straight across-the-board rate increase scenario.

Motion

Councilmember Hansen moved to increase the 2003 water and sewer user fee rates 25%, and to increase water and sewer connection fees 5%, and to use the \$300,000+ reserve to buy down debt service with any excess to be banked for 2004 debt service. This was seconded by Councilmember Landcastle.

Discussion

Councilmember Hansen felt that the surcharge scenario on connection fees would be too prohibitive to some home builders. He would support a 5% increase, with a buy-down.

Councilmember Reilly stated that state legislators should be contacted for help, as they are doing with the City of Blaine and their sewer plant. He also felt that it would be worthwhile to try to negotiate a lower bond rate. He also stated that promises were not kept to the citizens regarding the plant.

Councilmember Wilson said he would not support fee increases unless other taxes were instituted or reinstated.

Councilmember Hansen emphasized that although he disliked raising these fees, he understood very well the consequences of not doing so. He felt strongly that it was irresponsible to allow the City to default on debt service.

Councilmember Landcastle asked Director Black to have ready for the upcoming workshop an approximate inventory of available buildable lots in the City.

Councilmember Hansen suggested that City administration aggressively pursue all available possibilities of lowering the bond rate, including grants, refinancing, and low-interest loans.

Motion passed five to two, with Councilmembers Wilson and Reilly voting no.

RELATED DISCUSSION/MOTION: Reconsideration of Property Tax Levy Ordinance

Councilmember Hansen stated that at the last regular Council meeting of November 18th, the property tax levy had been discussed and passed at one-percent. In checking with the Assessor's Office, he noted that property tax ordinance filings have been extended due to the delay in getting out the valuation data to the local jurisdictions.

Motion

Councilmember Hansen moved to reconsider the property tax levy ordinance passed at the last regular meeting. Councilmember Cole seconded.

Discussion

Councilmember Hansen reminded the assembled that an amendment to the property tax ordinance to include taking a two-percent banked capacity had resulted in a three-to-three tie, which caused the amendment to fail. With full attendance of the Council, he felt that the matter warranted reconsideration.

Motion to reconsider passed five to two, with Councilmembers Wilson and Reilly voting no.

Motion

Councilmember Hansen moved to take an additional two-percent banked capacity along with the one-percent property tax levy for 2003. This was seconded by Councilmember Lavine.

Discussion

Councilmember Hansen stated that the Council has the option of "rolling back" the increase, however the additional two-percent will bring in an additional \$20,000 to help with City reserves.

Councilmember Elgart said she would support the motion because of the flexibility allowed by the extra funds raised.

Councilmember Lavine agreed, saying that the City does not necessarily have to spend the money, but some “breathing room” was needed in reserves.

Councilmember Landcastle said that he would not support the motion. He said the City simply needs to tighten its belt, spend less, and decrease staff.

Councilmember Reilly also said he would not support the motion due to high unemployment, and that the higher property taxes would appear uninviting to businesses thinking about locating in Ferndale.

Councilmember Wilson said he would not support the motion since the City is losing over \$100,000 a year that it could be collecting in gambling taxes.

Councilmember Cole said she would support the motion with the hope that the City would not ultimately need to collect the entire additional two-percent.

Councilmember Elgart said that she agreed with Councilmember Landcastle that some staff cuts may be necessary.

Councilmember Hansen said that the one-percent property tax levied at the last meeting actually lowered property taxes, and that adding the two-percent banked capacity would raise the taxes on an average home in Ferndale approximately \$6.00 per year. If at all possible, Councilmember Hansen did not wish to decrease staff.

Motion passed four to three, with Councilmembers Reilly, Landcastle and Wilson voting no.

RELATED DISCUSSION/MOTION: 2003 Stormwater Fee

Administrator Signett reviewed that although storm water related expenditures have been paid with mainly sales tax revenues, some form of a fee needs to be established to address growing regulations, though not necessarily as part of the budget process.

Councilmember Hansen stated that he would support a “pay-as-you-go” fee, and was inclined to support a one dollar per month fee per residential household.

Councilmember Reilly said that sales tax dollars support storm water activities presently, and should probably keep doing so. A new fee would only replenish the general fund.

Councilmember Hansen expressed his concern over yet another fee, but that many new regulations and unfunded mandates were being instituted and must be addressed.

Councilmember Elgart agreed, saying that the limited stormwater fund could not continue to subsidize the growing need for upgrades for stormwater issues.

Motion

Councilmember Hansen moved to leave the fund as is, with no changes, and direct staff to present an stormwater ordinance to the Council no later than March 1, 2003 along with a possible budget amendment. This was seconded by Councilmember Elgart.

Discussion

Councilmember Hansen felt that the ordinance review should entail two public hearings in order to best inform citizens.

Councilmember Cole felt that many questions needed to be answered regarding new mandates; i.e. what is the Department of Ecology requiring? What are the projected costs to the citizens? What are the timelines?

Councilmember Landcastle said that he would not support the motion as he did not have enough information, and need time to study the actual ordinance. He further felt that the ordinance need to go through the Committee process.

A motion to table the issue failed.

Main motion passed four to three.

RELATED DISCUSSION/MOTION: Reinstatement of Gambling Tax

Motion

Councilmember Wilson moved to reinstate the gambling tax, which was seconded by Councilmember Landcastle.

(Councilmember Cole was excused from this issue and left the room)

Discussion

Councilmember Landcastle thought that the item should be reviewed by the Committees.

Councilmember Reilly felt that reinstating the tax would likely cause several of the smaller establishments to close, with perhaps thirty people losing their jobs. He also felt that the non-profit Whatcom Crisis Services-Bingo 262 would no longer be able to operate their crisis lines 24 hours a day.

Councilmember Hansen stated that he had been involved with non-profit bingo for four years. He was concerned that several establishments could not survive the reinstatement of the gambling tax. The original intent of the tax was to pay for local assistance in gambling enforcement. Without training, local officials would have to turn gambling complaints and issues over to the state, so the state expanded its own enforcement duties. Councilmember Hansen said he would only support a gambling tax if a B&O tax was instated for the larger industries in the City who currently pay no taxes at all to the City.

Councilmember Elgart felt that the City had no business being the "moral police" on this issue. She further stated that the original intent of the tax was gone, and she would stay with the position she took three years ago in eliminating the tax.

Motion failed two to three, with Councilmembers Elgart, Reilly, and Hansen voting against, and Councilmember Lavine abstaining.

(Councilmember Cole returned to the Council table.)

CHANGE ORDERS - HENIFIN CONSTRUCTION - TOSCO FIELD

Streets and Utilities Committee Action Item

Councilmember Reilly reviewed that the Committee had met with City Engineer Greg Ebe, who outlined the completed field work accomplished by Henifin Construction at the Tosco site. A change order has been submitted which contains two elements:

- X In order to shift funds (approximately \$7,500) to priority earth moving sites, a sidewalk was eliminated near the parking lot. Follow-up showed that gravel had already been installed in preparation for the sidewalk resulting in a change order of \$2,500 .

- X Through an inadvertent mix-up in different manufacturers, man-holes were installed with incompatible risers that required tongue-and-groove fittings. This results in a change order of \$3,600

Henefin has come in slightly under their \$344,000 bid on this project. The City had estimated \$350,000.

This change order results in a total project cost of \$351,491.81.

Councilmember Reilly moved to approve the change orders submitted by Henifin Construction totaling \$6,190 . Councilmember Landcastle seconded.

Motion passed unanimously.

SET COMMITTEE MEETINGS

The following meetings were set for the next two weeks:

Equipment and Facilities Committee	12/04/02	9 a.m.
Streets and Utilities Committee	12/04/02	10 a.m.
Planning and Judicial Committee	12/11/02	1 p.m.

COUNCIL REPORTS AND COMMENTS

Councilmember Cole reminded everyone about the upcoming Chamber of Commerce Auction to be held at the Boys and Girls Club.

Councilmember Lavine asked everyone to attend the Olde Fashioned Christmas at Pioneer Park this weekend.

ADJOURNMENT

There being no further scheduled City business, the meeting was adjourned at 8:45 p.m.

ATTEST:

Carolyn Jensen, Mayor

Linda Knutson, City Clerk

ATTACHMENT "A"

**MINUTES
Streets and Utilities Committee
Held Tuesday, November 26, 2002
City Hall Conference Room
10:00 a.m**

**COMMITTEE: Councilmembers Mike Reilly (Chair), Jerry Landcastle, Mel Hansen
STAFF: Loren Sperry, Linda Knutson, Greg Ebe**

CONTRACT SETTLEMENT - NEGOTIATIONS ON PREVIOUS TOSCO PROJECT

Contracted City Engineer Greg Ebe updated the Committee on settlement negotiations with Matia Contractors. The Committee was firm in their direction that the City will not pay more than the amount approximated and agreed upon when the contract was cancelled. Ebe will resume talks with Matia with that direction.

CHANGE ORDERS - TOSCO FIELDS - HENEFIN CONSTRUCTION

Greg Ebe outlined the completed field work accomplished by Henefin Construction at the Tosco site. A change order has been submitted which contains two elements:

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Henefin has come in slightly under their \$344,000 bid on this project. The City had estimated \$350,000. ***It was the Committee's unanimous consensus to recommend approval of the change order submitted by Henefin Construction in the amount of \$6,190.***

RIGHT-OF-WAY ISSUES - MAINS STREET & RURAL AND SUNSET PROJECTS

Director Sperry noted that the City Attorney has nearly completed right-of-way acquisitions for the Main Street project and the Rural and Sunset project. On the Rural project, there remain some questions and unclear outcomes regarding participation of properties that benefit from the improvements. The Committee asked that the City Attorney attend an Executive Session at 6:30 p.m. to discuss and clarify right-of-way issues.