

**CITY OF SEQUIM  
CITY COUNCIL  
AND  
TRANSPORTATION BENEFIT DISTRICT MINUTES  
SEQUIM TRANSIT CENTER  
190 WEST CEDAR STREET  
SEQUIM, WA**

**FEBRUARY 25, 2013**

**6:00 P.M. REGULAR COUNCIL MEETING**

Mayor Hays called the meeting to order.

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

Deputy Clerk Usselman called roll. Council members present: Laura Dubois, Erik Erichsen, Ken Hays, Ted Miller, Candace Pratt, Dennis Smith and Genaveve Starr.

**INTRODUCTIONS & CORRESPONDENCE**

**CEREMONIAL**

**REPORTS**

**COMMITTEE, BOARD AND LIAISON SUMMARY**

Pratt reported she attended the CTS meeting today. There was a brief legislative report about the transportation bill and the MVET (Motor Vehicle Excise Tax) increase would be important to CTS.

Smith also attended the CTS meeting and Pratt did a good job as chair. Terry Weed is retiring and they are looking for a replacement. On February 19 he attended the Planning Commission meeting where they talk about the zoning re large buildings, appurtenant structures and footprints. There was public comment. They decided on a recommendation to develop an ordinance amendment.

Dubois attended the Solid Waste Advisory Committee meeting. At the last Council meeting we received a brief overview from the City of Port Angeles. We should get further information. There are 5 alternatives with different levels of funding and because we are part of the users of the transfer station, we will be pay for repairing it. We should have some type of recommendation. Port Angeles will review their alternatives on March 5; and on March 12 the utility advisory committee will make a recommendation. March 19 will be the final decision. We may want to put something together on what our preference is.

She also attended the Sister City Association meeting; they are getting ready for selecting students for the exchange.

Starr said she attended the Shiso City meeting and the CTS meeting.

### PRESIDING OFFICER REPORT

Hays attended the EDC meeting last week. The PUD had requested the EDC craft a letter to send to the state asking legislators to pursue a change to the legislative re purchasing energy credits as currently required. They felt it wasn't within the scope of the EDC and they decided not to send the letter. There was also a presentation by Bridget Trosnen Cardinal re the marine special planning organization, a non-regulatory agency, to map the current marine resources and uses on the coast and on the inland saltwater ways. He feels it could be a useful and powerful tool in determining how to modify uses of the coastal areas.

### CITY MANAGER REPORT

Burkett requested a change on the agenda re item 1c. The correct amount on the EDC should be \$5,000. He also requested we pull item 8 for the vehicle purchase for the Public Works Department from the agenda.

Burkett stated he'd like to waive any fees for the youth program providing food for children this summer. Unless there are objections from Council he is planning to waive the fee.

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

Skylar and LeeannGrasseth, 90 Madera Drive, said the USDA food program in the schools now provides over 50% of the children with free or reduced lunches. They want to create something for the kids to have meals in the summer. There is a grant available. The sites would be Transit Center, the skatepark and Boys & Girls Club. The meals are for ages 0 to 18. To apply for the grant they need a signed MOU from the sites where they would be serving food. Food will be available to all children. They are preparing a PowerPoint to present to the state. She works for the County and does this work in Forks, too.

None of the Council has a problem with waiving the fees for this.

Michelle Scott, 52 Klahn Country Road, is one of the businesses affected by the sign ordinance. The sign she used made a difference for her. She has been there 2 years and some people don't know her store exists. In this economy small businesses need all of the help they can get. She has put her heart and soul into her business. It is disheartening. It is not only hurting my business, but other businesses. She asks the decision be reconsidered because it is the wrong one.

Mike Flynn, 30 Shepherds Way, stated we are working hard to put in place the summer feeding

and we are working hard to see that it is successful.

In response to Ms. Scott, Ritchie said Council instructed staff to work on a solution to the sign ordinance problem. We met with the Chamber director and businesses interested, including many in the mall, and came up with what was a good solution. The solution was there would be signage next to the right-of-way requiring an approval by the mall manager. The manager thought that was fine. They have submitted the paperwork to get the sign structures in as well as management plans. We also changed the ordinance so that would be allowed. There was a prohibition of signs in front of the stores that could be seen from the street which was removed. We thought the problem was solved but we are not sure the message has gone to everyone in the mall and others. We have another meeting scheduled in March and are working to try to get changes as needed. He feels there is a solution for that mall. We will report after the next meeting.

Burkett confirmed each business can have its sign on a monument sign.

### **INFORMATION/COUNCIL QUESTIONS INVITED**

### **PUBLIC HEARINGS - None**

### **CONSENT AGENDA**

1. Approve/Acknowledge
  - a. City Council Meeting Minutes – February 11, 2013
  - b. Claim Voucher Recap dated 2/25/13 total payments \$490,518.89
  - c. 2013 EDC Contract
  - d. Appoint Genaveve Starr to PRTPO

Dubois asked to remove item 1d from the Consent Agenda.

Miller asked to remove item 1c from the Consent Agenda.

Miller said item 1c had a discrepancy in the contract that has been fixed. Miller is not convinced our taxpayer's money is being well spent. He feels the EDC should recognize that Forks and Sequim exist in the area.

**MOTION** by Dubois to approve Consent Agenda as amended; second by Pratt.  
**Unanimously approved.**

Hays asked Miller to email him his concerns and he'll take them to the next meeting.

**MOTION** by Dubois to approve consent agenda item 1c at \$5,000; second by Pratt.

Erichsen agrees with Miller and supports his comments.

Hays shares the concerns but feels we should continue to contract with them and should have a seat at the table. He is optimistic we will see changes next year. If there are any concerns he would like to have them emailed to him.

**Vote on Motion:** Aye by Dubois, Hays, Pratt, Smith and Staff; Nay by Miller and Erickson. **Motion Passes.**

Dubois said concerning item 1d, she was the representative last year. It was discussed at the retreat and she said she would be willing to continue on this committee. Starr agreed to work on the Sister City Committee.

**MOTION** by Pratt to appoint Dubois as the City's representative to PRPTO, second by Smith. **Unanimously approved.**

## **UNFINISHED BUSINESS**

### 2. 2012 Financial Results – City of Sequim

Konkel said finances have been consistent throughout the year. We have established policies and targets for operating funds that include the general fund, streets unrestricted, water unrestricted and sewer unrestricted. Other funds fluctuate based on the project.

In the City's financial statement, you should look for budget to actual comparison for budgetary compliance. The narrative summary of funds provides an explanation of the financial results by fund and any significant varies. Key revenues need to be reviewed quarterly and at year end.

The general fund in 2012 started better than expected. Revenues were \$103K under budget. He showed a chart that compared the annual sales tax by industry for 2012.

For 2013 we have one month of actuals, and revenues are \$25,000 over budget. We are showing some rebounding. We are showing strength with REET and lodging taxes.

Overall expenses were \$378,000 under budget. The savings were under across the board. The 2013 budget was proposed with a \$400,000 decrease. The ending general fund balance was \$1,775M. The street operations fund ended well. The water unrestricted fund had an ending balance of \$1.2M.

The sewer unrestricted fund also ended well with an ending fund balance of \$1.5M. Other funds were on track or above general budget projections and represent positive activity and solid fund balance.

The 2012 results for capital projects indicate the water/sewer master plans and transportation master plan are finished and will be presented in April. Other finished projects include South Sequim Avenue, North 7<sup>th</sup> Avenue improvements, north end lift station and Reservoir Road generator project; West Sequim Bay/Oakwood Drive repair and the purchase of the new city hall

properties.

The debt status is reported on an annual basis. There are legal limits set as a percentage of AV; the City has minimal general obligation debt; water debt was paid off in 2012; and there is \$6.7M in sewer debt.

The investment report includes investments that meet Washington law and investment policy. The City's rate of return on investments continues to be above the fair rate of return established by the policy. We receive about 2.3% return on our investments.

### 3. 2012 Financial Activity – Transportation Benefit District

The projects where money was spent include insurance and audit expenses; 2011 Priest Road project; 2011 bike rack project; 2011 N. 3<sup>rd</sup> Avenue sidewalk project; 2011 S. Sequim Avenue Pavement project; 2011 14<sup>th</sup> Avenue project; 2012 N. 7<sup>th</sup> Avenue rehabilitation project, and contributions to the W. Sequim Bay Road, ODT and Transportation Master Plan projects; and safety enhancement and for street maintenance and operations, including new contract services for hot mix patching.

### 4. 2012 Financial Policy Report – City of Sequim

Konkel provided a proposed 2014 Budget Calendar.

Miller said he recognizes the City and TBD are separate entities but doesn't understand why we can't combine the financial portion. Ritchie said you have it separate so no one can pierce the corporate veil. It keeps the corporate entities separate.

Konkel said the state auditor has advised this will be a "blended unit" in the future.

### 5. Financial Policy Review

Konkel stated adopting a set of financial policies provides tools to help ensure the City's long-term financial viability. They become the basis for each year's Budgets, Long Range Financial and Six Year Capital Improvement Plans. The policies have been prepared with the assistance of key staff, according to published guidelines by the Government Finance Officers Association, the Washington Finance Officers Association and in line with published policies of other Washington cities.

He believes the policies are completely comprehensive. He provided brief overviews of the 9 different policies and identified some of the minor changes as listed in the cover sheet.

Burkett mentioned since these are important policies; most have been in place by Council but there are a few modifications. It is important to have the fund balance policy as it provides guidance for how much money you want at the end of the year. Debt management is the same thing; need to know how much debt the City will take on and make sure we have projected

money to pay back the debt.

Konkel said there is a “post-issuance debt policy” he has not included yet. It is to maintain the accuracy of the debt you built.

Burkett reiterated the importance of the policies.

There was brief discussion concerning allowable debt and how it may work in financing our new police station/city hall.

**MOTION** by Miller to adopt the financial policies including:

- Budget Development
- Fund Balance and Reserves
- Investments
- Debt Management
- Interfund Loans
- Purchasing Policy/Public Works Change Order Policy
- Equipment Acquisition & Replacement
- Capital Improvement Planning
- Financial Planning

Second by Dubois.

Erichsen is impressed because when they first came on the Council there were few procedures and no policies. We can now discuss policies and procedures, but by and large overall we have come light years from where we were a few years ago. He thanked staff.

Vote on Motion: **Unanimously approved.**

6. Resolution No. R-2013-05 Authorizing Sole Source for Sensus Meters

Ritchie said in the past we have been replacing meters with Sensus meters. There is a new local supplier, Ferguson Water Works, who should be declared to be the sole source supplier so the City can continue purchasing Sensus Meters.

Brief discussion occurred re sole source suppliers. The changeover will hopefully be completed by the end of 2014.

**MOTION** by Dubois that Council approve the proposed sole source Resolution No. R-2013-05 and that Council authorize the City Manager to enter into a contract with Ferguson Water Works and waive the three touch rule; second by Erichsen. **Unanimously approved.**

## 7. Award Police Department/City Hall Project Management Contract to Optimum

Burkett said this matter has been in process a few years. Budgeted is \$650,000 in the 2013 budget for the project. This is the next phase of the project. The scope of work is in the packet. We are working with Optimum Building Consultants that details the projected hours and hourly rates that add up to \$180,000. He gave an overview of future cost estimates that have been planned.

He reviewed the scope of services and highlighted the most important points. He stated item 6 is the most time-consuming – assist the City in procuring the design-builder that will design the construct the project. According to the schedule this will start soon and wrap-up in October. We anticipate construction starting about this time next year.

Miller asked the rough estimate of completion of the entire project. Burkett said we'd like to complete the building no later than mid-year 2015.

There was brief discussion concerning paying an appropriate honorarium and being limited to designs three builders might provide.

Burkett said Council will sign off on the amount of space and estimated costs. The RFQ/RFP will come to Council. In the end, Council will be involved in reviewing the recommendations on the 3 teams to give us proposals and in choosing the team you feel will do the best job. We will have to refine how you will review the three teams. It will be a very public process.

**MOTION** by Dubois to authorize the City Manager to enter into a Project Management Services Contract as approved by the City Attorney with Optimum Building Consultants, LLC, for services relating to contracting a City Hall development team, for an amount not to exceed \$180,000 and further authorize \$18,000 in contingency funds for unforeseen expenses; second by Pratt.

**MOTION** by Miller to amend the motion to state “contracting a City Hall/Police Station”; second by Smith. **Unanimously approved** to amend motion.

Vote on original amended motion. **Unanimously passed.**

Erichsen asked if there were local Clallam County persons who applied. Burkett said there was one but he had never done a design-build project. Once we do the owner's rep contract, we may hire someone local on-site to do the owner's rep inspection.

## **NEW BUSINESS**

8. Approve Purchase of Vehicle for Public Works Department - Removed from agenda.

## **GOOD OF THE ORDER**

Dubois stated the newspaper announced meetings this Thursday at 6:00 p.m. and Saturday at

10:00 a.m. at the library for students in the 8<sup>th</sup> and 9<sup>th</sup> grade interested in a cultural exchange; students should attend the meeting.

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

**EXECUTIVE SESSION**

**NEXT MEETING DATE**

Mayor Hays announced the next meeting dates of March 11, 2013 at 6:00 PM and March 25, 2013 at 5:00 PM.

**ADJOURNMENT**

**MOTION** to adjourn at 8:24 p.m. made by Dubois; second by Miller. **Carried**  
**Unanimously.**

Respectfully submitted,

  
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Bobbie Usselman, MMC  
Deputy City Clerk

  
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Ken Hays  
Mayor

Minutes approved at a regular Council meeting held on March 11, 2013.