

EDMONDS CITY COUNCIL APPROVED MINUTES

April 3, 2012

The Edmonds City Council meeting was called to order at 6:30 p.m. by Mayor Earling in the Council Chambers, 250 5th Avenue North, Edmonds.

ELECTED OFFICIALS PRESENT

Dave Earling, Mayor
Strom Peterson, Council President
Frank Yamamoto, Councilmember
Joan Bloom, Councilmember
Michael Plunkett, Councilmember
Lora Petso, Councilmember
Adrienne Fraley-Monillas, Councilmember
Diane Buckshnis, Councilmember

ALSO PRESENT

Alex Springer, Student Representative

STAFF PRESENT

Al Compaan, Police Chief
Phil Williams, Public Works Director
Shawn Hunstock, Finance Director
Carrie Hite, Parks & Recreation Director
Carl Nelson, CIO
Rob English, City Engineer
Jeff Taraday, City Attorney
Linda Hynd, Deputy City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. CONVENE IN EXECUTIVE SESSION REGARDING POTENTIAL LITIGATION PER RCW 42.30.110(1)(i).

At 6:30 p.m., Mayor Earling announced that the City Council would convene in executive session regarding potential litigation per RCW 42.30.110(1)(i). He stated that the executive session was scheduled to last approximately 30 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. No action was anticipated to occur as a result of meeting in executive session. Elected officials present were: Mayor Earling and Councilmembers Yamamoto, Plunkett, Fraley-Monillas, Buckshnis, Peterson, Petso and Bloom. Others present were Jeff Taraday and Sharon Cates, City Attorneys; Phil Williams, Public Works Director; Carrie Hite, Parks & Recreation Director; Henry Spieker, Consultant; and Linda Hynd, Deputy City Clerk. The executive session concluded at 7:01 p.m.

Mayor Earling reconvened the regular City Council meeting at 7:04 p.m. and led the flag salute.

2. APPROVAL OF AGENDA

Mayor Earling relayed a request to reverse the order of Agenda Items 8 and 9.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE THE AGENDA AS AMENDED. MOTION CARRIED UNANIMOUSLY.

3. APPROVAL OF CONSENT AGENDA ITEMS

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY.
The agenda items approved are as follows:

- A. ROLL CALL
- B. APPROVAL OF CITY COUNCIL MEETING MINUTES OF MARCH 22, 2012.
- C. APPROVAL OF CITY COUNCIL MEETING MINUTES OF MARCH 27, 2012.
- D. APPROVAL OF CLAIM CHECKS #131227 THROUGH #131303 DATED MARCH 29, 2012 FOR \$419,519.28.
- E. AUTHORIZATION TO PURCHASE ONE (1) NEW ELGIN J CROSSWIND REGENERATIVE AIR STREET SWEEPER FROM OWEN EQUIPMENT.
- F. APPROVE CREATION OF HUMAN RESOURCE MANAGER POSITION.

4. COMMUNITY SERVICE ANNOUNCEMENT: SWEL TIMEBANK

Julie Huffman, SWEL Timebank, introduced Joanne Donahue, Vice President, Senior Services, and Timebank Members Athena Menkey, and Margaret and Russ Taylor. Ms. Huffman described an exciting, new concept coming to Edmonds, SWEL Timebank. SWEL stands for Shoreline, Woodway, Edmonds and Lake Forest Park. The SWEL Timebank began with a small team that emerged from an Aging Your Way workshop in 2010. Senior Services has functioned as their fiscal sponsor and provided staff support and Eastside Timebank has provided technical support. The Eastside Timebank, established in 2010, currently has 125 members and last month they exchanged 50 hours. The SWEL Timebank launched 4 months ago and is approximately 1/3 of the way to their goal of 100 members by year end.

There are over 300 Timebanks throughout the United States; a well established, proven model that operates in areas such as the eastside, Mercer Island, Bainbridge Island, Bellingham and Seattle. It has been featured on PBS, NPR, AARP and Good Morning America. The Timebank does not bank money, it tracks time. Timebanks give access to time, talents and skills of neighbors while giving you an opportunity to help others in meaningful ways.

SWEL Timebank provides a web-based system that facilitates exchanges of volunteer time. Members are able to volunteer their time doing for others the things they enjoy and getting help with the things they either do not enjoy doing or are unable to do for themselves. This includes many forms of services, skills and assistance: animal care, tutoring, teaching crafts and hobbies, running errands, cooking, reading aloud, gardening, yard work, etc. She provided an example of one person helping their neighbor by doing errands or shopping, that person gives music lessons to someone else who may have earned that time training another person's dog. The dog owner may have earned their credits by painting another person's living room. She summarized the type of exchanges in the self-organizing system are unlimited. Unlike bartering which is a 2-way exchange of goods or services, exchanges within the timebank are valued equally and therefore are tax exempt.

One of the goals SWEL timebank shares with Edmonds is sustainability. Sustainability means the capacity to endure over time. Healthy ecosystems provide the goods and services that are vital to humans and the environment. Timebanking offers the promise of an environment in which community members are able to sustain themselves, whether via living longer at home as they age or through accessing services they need during an economic recession. Timebanking is a local self-organizing system that can serve as a safety net, meeting the needs of each individual member collectively. It also works to raise everyone's standard of living by allowing those who may lack funds access to the services they need. She summarized timebanking is eco-efficient, prevents pollution and raises everyone's standard of living.

One of the core values of timebanking is that everyone has something to offer and everyone has something they need. The beauty of timebanking is that everyone's time is valued equally; a teen mowing

someone's yard is valued the same as a lawyer giving legal advice. It is multi-generational because it appeals to people in all phases of their lives. The exchanges of talents and skills create valuable connections in the community increasing existing networks of family, friends and neighbors. Connected communities are safer, healthier and more sustainable. These connections can be further strengthened through SWEL's monthly potlucks where members meet in a social setting, get to know each other and arrange exchanges. Monthly potlucks are also venues for potential new members to learn about SWEL Timebank, get an orientation and join. Their first Edmonds potluck was held in February and 7 members joined. A potluck and orientation will be held in Lake Forest Park on April 11 and at the Edmonds Senior Center on May 16. She invited everyone to the potluck to learn more about the SWEL Timebank.

Councilmember Buckshnis commented this is a great idea. She asked how members identified what they had to offer and their skill level. Ms. Huffman answered there are many different skill levels; that is left up to the members to negotiate. A member lists on the website what they are willing to offer as well as identifies their skill level. Ms. Donahue explained criminal background checks are done on all members. There is also a feedback system to report on an exchange. A person also monitors exchanges.

Councilmember Fraley-Monillas asked how the exchange rate was monitored such as 4 hours of an attorney's time versus 4 hours of gardening. Ms. Huffman answered it is an hour for hour exchange which allows the timebank to avoid any tax issues.

Mayor Earling assumed Ms. Donahue was with King County Senior Services, commenting there is also a Senior Services in Snohomish County.

5. UPDATE BY SNOCOM ON THE NEW WORLD PROJECT

Debbie Grady, Director, SNOCOM, explained after receiving positive feedback following a visual demonstration of New World to SNOCOM Board Members, they felt it would be beneficial to provide the same demonstration to SNOCOM member cities. She introduced **Terry Peterson, IT Manager, SNOCOM**, and **Derrick Wilson, Supervisor, SNOCOM**.

Ms. Grady provided background on the project; New World is a large scale public safety technology deployment currently in process in Snohomish County involving 52 public safety agencies. The project developed when the agencies wanted a database that would allow the exchange of information on a countywide system. SNOCOM and SNOPAC hold contracts with the vendor, New World Systems, to provide the public safety technology the agencies desired. New World was selected as the vendor approximately six years ago via a competitive process. In addition to the exchange of information via a records management systems (RMS), components were added that included computer aided dispatch (CAD), mobile field reporting, and a corrections module.

The project is currently in the configuring, building and functional testing of the software phase. There is currently no project timeline as they are waiting for New World to provide information related to fixes. The project's success depends on the involvement from all the agencies; there are build teams designated as the subject experts and who input data into the system to ensure it meets the business practices and needs of each agency. Each of the components, CAD, records, jail and mobile field reporting all have their own individual build teams. She thanked Corporal Mike Bard and Amy Collins, Edmonds Police Department, for their participation as build team members and advisors to overlapping build teams.

Ms. Grady reviewed project funding, advising SNOCOM's position with the vendor has been that they are unable to ask for additional funds from their member agencies and must stay within the approved project budget. Countywide SNOCOM and SNOPAC's contracts total approximately \$8 million. SNOCOM's portion of the project is approximately \$2.5 million. After the SNOCOM and SNOPAC Boards approved and executed contracts with New World, an Interlocal Agreement for cost sharing

between SNOCOM and SNOBAC was drafted. Of the \$8 million, SNOCOM has expended approximately 60% or approximately \$1.2 million. Funding sources include federal grants, E-911, a loan, reserve account and member agency assessments.

Mr. Peterson explained this project is about sharing information, data and capturing criminals between the different agencies in Snohomish County. The biggest problem today is the disparate RMS and CAD systems that do not interface or share information. New World will provide a shared, countywide database. For example if someone burgles a house in Everett, Edmonds officers will know about it when they pull over that suspect, a huge step forward for public safety in Snohomish County. Tonight's demonstration will focus on the 911 call coming into the dispatch center, being sent to the mobile in the vehicle and creating a police report in the vehicle. Today most agencies at SNOCOM use pen and paper for police reports; a police officer handwrites the information on a preprinted report that is then input by another person. With New World that is done electronically, saving a great deal of time and effort.

Mr. Wilson described future ways of contacting 911 (next generation 911) that include video, telematics (companies like On Star), texting, and email. Currently calls come in SNOCOM via a land line, cellular or VoIP (voice over internet protocol). He explained the first thing a SNOCOM dispatcher does is obtain/verify address.

Mr. Wilson and Mr. Peterson demonstrated the New World system. Mr. Peterson displayed the computer aided dispatch system screen where call information is entered. He also displayed the mobile application that will be installed in police, fire and medic vehicles. Mr. Peterson demonstrated entering information for a 911 call. He illustrated how fields can be populated with pre-entered data, how units are dispatched using a predefined grid based on the closet fire unit or officer beat, and identifying the type of call using a code. Once that information is input, it is sent to a dispatcher who recommends what unit/officer to send.

Mr. Peterson referred to the mobile screen where the unit/officer is alerted of the call they have been assigned. All the information SNOCOM has received is entered into the CAD and is immediately available in the field. The system also has the ability to provide an officer safety alert (red box on the screen with an audible tone) for certain people. Mr. Wilson remarked that is a significant improvement to the current method; today the officer is alerted via black and white text that is often buried in other information. Other features include the ability to access information regarding what other officers in the city and county are doing, obtain maps/directions and generate electronic field reports using the information already entered. Mr. Peterson summarized the countywide shared database will allow officers to see calls throughout Snohomish County, an important feature for jurisdictions that border each other.

Mr. Wilson explained once information has been entered into the New World CAD, if another responder is needed such as fire, a fire type code can be entered and another call generated using the information that was already input. Under the current CAD software, a new call would need to be created, retyping the address, etc. Mr. Wilson explained another features is predefined alerts or warnings associated with an address.

Councilmember Fraley-Monillas asked what happens if an alert is sent to an officer's mobile screen regarding a call and the officer is out of his/her car. Mr. Peterson advised the real time status of the officer is always up-to-date in the system. The officer can put themselves out of service via the software. Mr. Wilson advised the alert is also vocalized.

Councilmember Petso asked whether New World would contribute to the ability to interact with agencies in King County. Mr. Peterson answered one of the reasons New World Systems was selected as the software vendor was NORCOM, the 911 dispatch agency for northeast King County also selected New World Systems. New World Systems has the ability to interface with other New World Systems; that interface will allow sharing of information. Mr. Wilson noted that is currently done via a telephone call.

Councilmember Yamamoto asked what stage New World was in now and whether dispatchers are being trained. Ms. Grady stated they are waiting for information from New World before establishing a deployment date; that date will determine when training begins. Build team members such as Mr. Wilson can provide hands-on demonstrations to dispatch employees to familiarize them with the product.

Councilmember Yamamoto inquired about Councilmembers touring SNOCOM. Ms. Grady advised member agencies are welcome to contact SNOCOM admin to schedule a tour or sit-along with a dispatcher. Councilmember Yamamoto commented Councilmember Petso and he toured SNOCOM and he highly recommended it.

Councilmember Bloom asked whether the dispatcher had the ability to dispatch more than one officer. Mr. Wilson answered that was discretionary; officers also recognize when they need backup and often other officers will respond on their own to certain calls.

Student Representative Springer asked if a photograph was displayed for people with an officer alert. Mr. Peterson answered it will be displayed if there is a mug shot or photograph attached to the record.

6. AUDIENCE COMMENTS

Russ Taylor, Edmonds, speaking on behalf of SWEL Timebank, explained he and his wife were excited to have Timebank in the Edmonds area. He has friends on the advisory board of Eastside Timebank and had seen a publicity piece about NOW Timebank in Portland, Maine and a New York Times article about Visiting Nurse Services Timebank in Manhattan. He relayed timebank has a great deal of economic value for people with limited means. The New York Times article reported the timebank strengthened the community in significant ways. People may be reluctant to meet people on a social basis; engaging in an exchange of services/activities allows people to build relationships. He and his wife registered with the SWEL Timebank and have both been screened and approved. He encouraged Councilmembers to learn more about the SWEL Timebank and possibly register themselves and share information with friends and neighbors. He concluded SWEL Timebank was a tremendous contribution to the community.

7. UPDATE TO THE CITY'S GENERAL FACILITIES CHARGES FOR UTILITIES BY CITY STAFF AND THE FCS GROUP.

Public Works Director Phil Williams reviewed the process:

- FCS Group submitted updated General Facilities Charge (GFC) calculations on November 14, 2011
- Presentation to City Council of initial numbers on November 15, 2011
- GFC proposal reviewed by Finance and Planning, Parks, and Public Works Committees on February 14, 2012
- Council requested a public outreach effort aimed at developers and contractors to get input on proposed increases
 - Staff sent an email to a list of developers and contractors informing them of the proposal, providing a link to the study, informing them of the results, and inviting them to provide comments or attend tonight's meeting. A few emails were received.

Mr. Williams explained what a GFC is:

- Also known as System Development Charges, Connection Charges, and Capital Facilities Charges
- Called Connection Charges in ECC Chapter 15
- Fee imposed on new or expanded connections to City utilities or systems
- Designed to promote equity between existing and new customers so that growth pays for growth

Mr. William described the methodology:

New development pays an average share of existing and future facilities spread over the current and projected ratepayers that the system will serve. This approach assumes that existing and future customers are equal beneficiaries of both the current and future system and, therefore, both should equally share the burden of financing all system facilities. The connection charge (GFC) is calculated by dividing the existing and future cost basis by the total system capacity to be served.

As an example, Mr. Williams provided a spreadsheet of water customer classes and number of accounts by meter size. The standard, a meter equivalency of 1, is a ¾-inch meter which is typically used for a single family home; 94% of the City’s meters are this type. Larger meters exert more demand on the system and therefore the connection charge is greater. For example a 1-inch meter can deliver 2.5 times as much water as the standard residential meter; therefore the connection charge for a 1-inch meter is 2.5 times more than the standard residential meter; the larger the meter, the greater the connection fee. The system currently has 20,928 meter equivalents. Subtracting out fire meters and sprinkler meters, leaves a total of 13,436 meter equivalents.

Next, Mr. Williams displayed a spreadsheet illustrating the expected customer growth during the planning period through 2030 resulting in approximately 14,772 meter equivalents at the end of the planning period. He also displayed a list of existing water asset values since 1949 that is used to determine the cost basis of the current system. The value is determined by the amount of the initial investment plus ten years of interest at the prevailing rate.

Mr. Williams next displayed a spreadsheet of water CIP projects through 2029 that is used to calculate the future cost basis. He provided the GFC calculation for water, advising the calculation method is the same for stormwater and sewer:

- Existing Cost Basis = \$28.1 million
- Future Cost Basis = \$46.5 million
- Future customer basis = 14,772
- $(\$28.1M + \$46.5M)/14,772 = \$5,050/\text{Equivalent Residential unit (ERU) GFC}$

He described the existing and proposed new GFCs:

Utility	Existing	New
Water	\$ 908	\$ 5,050
Sewer	\$ 730	\$ 4,417
Storm	\$ 428	\$ 799
Total	\$2,066	\$10,266

Mr. Williams acknowledged the difference between the existing GFCs and the new, explaining the GFCs have not been recalculated for the past 12 years. He provided a comparison of GFCs in other utilities:

Single Family (3/4" Meter)			
Jurisdiction	Water	Sanitary Sewer	Storm Drainage
Olympic View WSD	\$3,586	\$1,453	N/A
Shoreline WD	\$3,424	N/A	N/A
Ronald Sewer	N/A	\$1,257	N/A
City of Kirkland	\$9,133	\$3,056	\$481
City of Redmond	Varies \$8,626 to \$11,216	\$2,500	\$958

City of Issaquah	\$10,031	\$2,063	\$789
NE Sammamish WSD	\$4,425	\$3,590	N/A
Northshore UD	\$2,500	\$7,000	N/A
Alderwood W&WW D*	\$2,063(3/4") \$1,375(5/8")	\$4,132	N/A
Mountlake Terrace	\$4,110	\$4,080	\$245
City of Edmonds (exist)	\$908	\$730	\$428
City of Edmonds (proposed max)	\$5,050	\$4,417	\$799

Mr. Williams recommended the Council:

- Take public comment tonight
- Approve a rate ordinance to implement changes
- Staff recommends implementing these changes but phasing them in over 3 years:
 - Water - \$2,288, \$3,869, \$5,050
 - Sewer - \$1,959, \$3,188, \$4,417
 - Storm - \$552, \$676, \$799
- Revisit sewer after adoption of new water Comprehensive Plan in 2013

Councilmember Bloom asked whether the GFC applied only to new construction. Mr. Williams answered yes. Another way a GFC could be charged was a single family home was demolished and replaced with a multi-family unit such as a 4-plex. The GFC would be calculated by deducting the cost of connecting a single family house from the cost to connect the 4-plex.

Councilmember Bloom asked if the GFC he provided was for one home. Mr. Williams answered for water it was one meter equivalent; the GFC is calculated based on the meter size, not the number of units. For example a large apartment complex may have a 3-inch meter. For sewer, the GFC is calculated based on ERU which includes the number of units. The GFC for stormwater is calculated based on square footage; one stormwater ISU is 3,000 (each single family home is assumed to have 3,000 square feet of impervious surface).

Councilmember Bloom observed the City's GFCs have not been updated for 12 years. She asked if it was typical for cities to update their GFC on a more regular basis. Mr. Williams agreed a more frequent update is typical. The obvious time to do that would be when the Comprehensive Plan for each utility was updated but that was not done when the Water or the Stormwater Comprehensive Plans were recently updated.

Councilmember Bloom asked why he recommended a 3-year phasing when the GFCs had not been updated for 12 years. Mr. Williams answered increasing the total GFC from \$2,000 to \$10,000 was a substantial amount and it would not be too disadvantageous to the utilities to phase the increase, softening the initial impact.

Councilmember Buckshnis thanked Councilmember Petso for bringing this to her attention at a Finance Committee meeting. Councilmember Buckshnis commented many developers such as Pt. Edwards had received a break for many years. She preferred to update the GFCs all at once.

Council President Peterson agreed with spreading the increase over equally three years or a 50%, 25%, 25% increase over three years. He pointed out the increase in GFCs not only affect big developers. For example he did not want there to be a disincentive for installing residential sprinklers. Mr. Williams advised the code was previously amended so that a property owner installing a larger meter for the express purpose of a flow through sprinkler system did not pay an increased GFC.

Mayor Earling spoke in favor of the 3-year phasing, pointing out it is not the developer that will pay the increased GFC; the home purchaser will pay the increased GFC because the developer will add it to the price of the home.

Mayor Earling opened the opportunity for public comment:

Roger Hertrich, Edmonds, spoke in favor of a GFC that was comparable to other municipalities. He suggested for every new dollar the City collects from developers, consideration be given to the rate payers who have been paying exorbitant rates. He commented on inequities in the sewer utility; residents pay extremely high rates but the sewer utility has \$5.6 million in cash compared to \$3.7 million in debt. The water utility has \$1.2 million in cash and \$1.5 million in debt. He recommended the City reduce the sewer charges and share the additional funds collected from the increased GFC with existing ratepayers.

There were no other members of the public present who wished to speak.

Mr. Williams explained the monthly wastewater charge for a single family home in Edmonds is \$25.32 plus 10% utility tax of approximately \$2.53 for a total of approximately \$28/month, one of the lowest in any of the surrounding cities. With regard to cash in the wastewater utility, Mr. Williams explained the City is about to go to bid on an approximately \$4.4 million pump station upgrade project.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER PETSO, TO APPROVE THE PROPOSED GENERAL FACILITIES CHARGES FOR SEWER, WATER AND STORM UTILITY CONNECTIONS AND DIRECT STAFF TO PREPARE AN ORDINANCE TO IMPLEMENT THE NEW CHARGES OVER A THREE YEAR PERIOD ON A 50%, 25%, 25% IMPLEMENTATION SCHEDULE. MOTION CARRIED UNANIMOUSLY.

9. AUTHORIZATION FOR MAYOR TO SIGN AN INTERLOCAL AGREEMENT WITH THE LAKE BALLINGER/MCALEER CREEK WATERSHED FORUM.

Public Works Director Phil Williams explained Edmonds, Mountlake Terrace and Lake Forest Park along with Snohomish County, Shoreline and Lynnwood have been involved in a coalition of local governmental agencies to address issues facing the Lake Ballinger drainage. The upper drainage is most important to Edmonds due to the 22 residents who live on the lake and whose properties periodically flood as well as experience the negative impacts of periodic poor water quality. The Lake Ballinger Forum has been meeting for the past five years and has developed a capital plan as well as sought funding to implement that plan. The federal government is one of the best places for funding, likely through the Water Resources and Development Act (WRDA) which was considered by Congress last year and will be considered for reauthorization this year. Funds provided through WRDA would likely go to the Corp of Engineers; the three cities have met with the Corp of Engineers who have expressed their willingness to work with the cities if Congress provides funding.

During the past year, the Forum has lobbied State and Federal Representatives to get the WRDA bill reauthorized and to include a \$1.4 million line item for Lake Ballinger. Federal lobbying has been done by Jack Johnston, a professional lobbyist. Funds for that effort, \$10,000 each, were provided by Edmonds, Lake Forest Park and Mountlake Terrace. The Forum wants to continue that work for another year. Staff recommends the Council approve the Interlocal Agreement which joins the three cities in a common process as partners and provides \$10,000 to fund for this lobbying effort. The other financial commitment is \$1400-\$1600/year to support the Forum's administrative costs.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO AUTHORIZE THE MAYOR TO SIGN AN INTERLOCAL AGREEMENT WITH THE LAKE BALLINGER/MCALEER CREEK WATERSHED FORUM. MOTION CARRIED UNANIMOUSLY.

8. PRESENTATION ON REVENUES AND FUND BALANCES

Mayor Earling commented Finance Director Shawn Hunstock is on vacation this week and this is at least the third meeting he has attended. He recognized Mr. Hunstock's daughter in the audience who is visiting him this week.

Mr. Hunstock explained tonight's presentation is one in a series of topics that will be presented to the Council over the next several weeks. An abbreviated version of the presentation will be distributed to the local media. He summarized tonight's presentation will address fund balance trends, restricted revenue and implications for the General Fund.

Mr. Hunstock commented on fund balance historical trends of all governmental funds:

- Ending fund balance in the General Fund remained somewhat consistent between 2001-2010, ranging from a high of \$8,089,403 in 2006 to a low of \$5,075,385 in 2001.
- Ending fund balance in the Special Revenue Funds (REET, Parks Construction Fund, Cemetery Funds and others) have declined by almost 31% from 2001-2010, and by over 46% from 2007-2010.
 - If the Public Safety Reserve Fund was not established in 2010, these percentages increase to 47% for 2001-2010 and 59% for 2007-2010.

He displayed and reviewed a spreadsheet of all the City's governmental funds, illustrating changes in fund balances during the past 10 years, 2001-2010. He pointed out the total governmental fund balances declined from approximately \$19 million in 2001 to \$12.7 million in 2010, a decline of 36%. Some significant declines in ending fund balance include:

- The REET 2 Fund (125) declined from \$5,552,582 in 2006 to \$443,662 in 2010, a decrease of 92%.
- The REET 1 Parks Acquisition Fund (126) declined from \$2,093,655 in 2001 to \$423,051 in 2010, a decrease of 80%.
- The Street Construction Fund (112) declined from \$1,904,718 in 2005 to \$203,752 in 2010, a decrease of 89%.
- The Building Maintenance Fund (116) declined from \$1,023,893 in 2007 to \$185,881 in 2010, a decrease of 82%.

Mr. Hunstock also displayed and reviewed a graph of total fund balances by fund type 2001-2010. He explained some revenue also has restrictions, further limiting the Council's options for adjusting to the current economic environment. The adopted budget for 2012 includes anticipated revenue of \$66,678,974:

- Over 62% of that revenue is restricted in some manner, either legally, contractually or through Council action.
- In the General Fund, approximately 24% of the revenue is restricted in its use.
- Two of the largest revenue sources in the General Fund, sales tax and property tax, are either flat or declining. These two make up 55% of the revenue in the General Fund.
 - Sales tax declined by 14.8% from 2007 to what is budgeted for 2012.
 - Property taxes are limited by state statute to 1% annual increases.

Mr. Hunstock provided a spreadsheet illustrating 2012 beginning fund balance, 2012 budgeted revenue, restricted revenue and the percentage of revenue that is restricted. He explained most revenue outside the General Fund is restricted to specific purposes.

He highlighted restrictions on revenues in the General Fund for EMS levy (\$3,233,038) and transport fees (\$750,000), 1/10th Criminal Justice Sales Tax (\$530,130), Gambling taxes (\$61,043) and Permitting and

inspection fees (\$838,016); total restricted revenue in the General Fund is \$8 million or 24%. He explained nearly all the revenues in the Street Fund (111) and the Combined Street Construction/Improvement Fund (112) are restricted. He referred to Traffic Impact Fees (TIF), explaining TIF are intended to cover the cost of infrastructure improvements related to traffic from development. With regard to the TIF collected related to development at Five Corners, he explained those funds must be used to offset the cost of improvements required due to development of that property. In other words, the funds could not be used for other transportation related improvements; they must be related to development that paid the TIF.

He summarized the implications of declining fund balances and restrictions on revenue:

- In the General Fund two of the largest revenue sources are declining or are flat.
 - Property tax, the City's largest revenue source, and sales tax comprise 55% of the revenue in the General Fund.
 - Increases in property tax are limited by state statute to 1% per year.
 - Compared to what was actually received in 2007, sales tax is expected to decline by 14.8% for 2012.
- With the two largest revenue sources flat or declining, and over 24% of the revenue restricted for particular purposes, there is greater demand on discretionary income in the General Fund, particularly for maintaining financial viability of other funds experiencing declining balances. Some recent examples include:
 - Transfer of \$600,000 to the LEOFF Medical Insurance Fund in 2012.
 - The Cemetery Maintenance/Improvement Fund is expected to be in a deficit situation by the end of 2012

Councilmember Bloom referred to Fund 130 (Cemetery Maintenance/Improvement Fund) and Fund 137 (Cemetery Maintenance Trust Fund), and asked whether the funds in the Maintenance Trust Fund could be used for maintenance. Mr. Hunstock explained approximately 10% of the annual revenue from the sale of plots and markers go into the Maintenance Trust Fund to create a trust fund in perpetuity. The annual income can be used for small capital or O&M. Funds from the trust fund were used for construction of the columbarium.

Councilmember Buckshnis thanked Mr. Hunstock for his efforts, remarking the Council had not had information this comprehensive for the past 8-10 years. She asked when the unaudited 2011 reports would be available. Mr. Hunstock answered he had hoped to have a full set of unaudited financials available for next week's Finance Committee; at least the fund financial statements will be available.

Councilmember Buckshnis referred to the transfer of \$600,000 to the LEOFF Medical Insurance Fund in 2012, advising a new actuary study is being done to ensure the amount is relevant. Mr. Hunstock agreed, and advised the City's actuary expenses were reduced by almost half via a bid solicitation process.

Councilmember Buckshnis referred to Government Accounting Standards Board (GASB) that no longer calls restricted funds restricted and requires reserves be combined. Mr. Hunstock explained in preparation for this presentation, staff looked at all the restricted revenue sources. He estimated approximately 7-8 of the City's special funds will no longer meet the technical definition of special revenue funds and will need to be combined with the General Fund. GASB 54 is a financial reporting standard, not an accounting standard, that the City is currently implementing. The City can still maintain the separate accounting and consolidate the funds in the Comprehensive Annual Financial Report (CAFR). He suggested discussing that at the Finance Committee.

Councilmember Buckshnis referred to the REET fund balances and asked whether the establishment of a Metropolitan Park District (MPD) would help the REET funds. Mr. Hunstock answered a MPD would

free up approximately \$600,000 in REET funds annually. There is also \$300,000 in REET funded debt service that will come off the books in 2015.

Mr. Hunstock pointed out the budget document includes only funds with budgeted revenue or expense; the spreadsheet entitled Changes in Fund Balances – Governmental Funds includes all funds regardless of whether the fund has revenues or expenses.

Councilmember Fraley-Monillas asked how long it would take before the City collected revenue if an MPD passed. Mr. Hunstock answered the properties in the MPD would need to be on the tax roll effective August 1 for the City to collect revenue; that date will be missed in 2012. If an MPD were approved in November 2012, no property taxes would be collected until 2014; the first significant property tax revenue would be in May 2014. Councilmember Fraley-Monillas noted an MPD was not a short-term fix.

Mayor Earling commented the spreadsheets Mr. Hunstock displayed contain a great deal of important information. He encouraged anyone who wanted the spreadsheets to contact his office. Mayor Earling referred to the list of funds, emphasizing the overwhelming number of funds that have restrictions on the use of the revenue; even 24% of the General Fund has constraints on it. Mr. Hunstock advised he will also post the spreadsheets on the Finance Department's webpage.

10. PROPOSED ORDINANCE AMENDING THE PROVISIONS OF ECDC 18.00.050 FOR APPRENTICESHIP PARTICIPATION ON CITY CONSTRUCTION CONTRACTS.

City Engineer Rob English explained the proposed ordinance will amend provisions of the Apprenticeship Program approved in 2011. The Apprentice Program provides an opportunity for onsite job training. The goal of the program is to develop and maintain a skilled work force for Public Works projects. In preparation for implementing the program, staff has researched how several other agencies have implemented their policies and procedures for apprentice programs. He reviewed the proposed amendments to ECDC 18.00.050:

1. Raise the threshold and apply apprenticeship requirements to public works construction contracts from the current \$200,000 to \$300,000. The current threshold for Small Works Construction roster limit is \$300,000. The Small Works Construction Roster process is much more expedited; bids from 3-5 contractors can be obtained within 3-5 days.
2. Require an Apprenticeship Utilization Plan from the contractor after the contract has been awarded. Currently the contractor is required to provide it at the time of bid.
3. Require a monthly Apprenticeship Utilization Report for tracking purposes.
4. Correction to paragraph 4 "Failure to Meet Utilization Goal" under Section 1(B).
5. Include a provision that prevents this ordinance from being in conflict with state or federal grant requirements. The new provision is listed as paragraph 6 "Grant Funding" under Section 1(B).

COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE ORDINANCE NO. 3878, AMENDING THE PROVISIONS OF ECDC 18.00.050 FOR APPRENTICESHIP PARTICIPATION ON CITY CONSTRUCTION CONTRACTS. MOTION CARRIED UNANIMOUSLY.

11. MAYOR'S COMMENTS

Mayor Earling reported the next Regional Fire Authority (RFA) Planning Committee meeting is tomorrow at 6:00 p.m. at Lynnwood City Hall.

12. COUNCIL COMMENTS

Council President Peterson reported a meeting on coal trains will be held on April 4 in the Library Plaza Room. He further reported that he will be in Washington DC next week; his wife, due to the work she does with a charitable foundation, has been invited to the White House by First Lady Obama.

Councilmember Bloom congratulated Council President Peterson's wife.

Councilmember Buckshnis also congratulated Council President Peterson's wife. Councilmember Buckshnis reported 49 flower baskets have been adopted which is 40% of the goal. She invited anyone interested in adopting a flower basket to visit the City's website.

13. ADJOURN

With no further business, the Council meeting was adjourned at 8:58 p.m.