

# EDMONDS CITY COUNCIL APPROVED MINUTES

## September 25, 2012

The Edmonds City Council meeting was called to order at 6:15 p.m. by Mayor Earling in the Council Chambers, 250 5<sup>th</sup> Avenue North, Edmonds.

### ELECTED OFFICIALS PRESENT

Dave Earling, Mayor  
Strom Peterson, Council President  
Joan Bloom, Councilmember  
Kristiana Johnson, Councilmember  
Lora Petso, Councilmember  
Diane Buckshnis, Councilmember

### ELECTED OFFICIALS ABSENT

Frank Yamamoto, Councilmember\*  
*(\*participated by phone in Agenda Item 6)*  
Adrienne Fraley-Monillas, Councilmember

### ALSO PRESENT

Yaelle Kimmelman, Student Representative

### STAFF PRESENT

Al Compaan, Police Chief  
Jim Lawless, Assistant Police Chief  
Stephen Clifton, Community Services/Economic  
Development Director  
Phil Williams, Public Works Director  
Shawn Hunstock, Finance Director  
Carrie Hite, Parks & Recreation Director/Acting  
Human Resources Administrator  
Rob Chave, Interim Development Services Dir.  
Carl Nelson, CIO  
Doug Fair, Municipal Court Judge  
Joan Ferebee, Court Administrator  
Mary Ann Hardie, Human Resources Manager  
Rob English, City Engineer  
Jeff Taraday, City Attorney  
Sandy Chase, City Clerk  
Jana Spellman, Senior Executive Council Asst.  
Jeannie Dines, Recorder

### 1. CONVENE IN EXECUTIVE SESSION REGARDING LABOR NEGOTIATIONS PER RCW 42.30.140(4)(b).

At 6:15 p.m., Mayor Earling announced that the City Council would meet in executive session regarding labor negotiations per RCW 42.30.140(4)(b). He stated that the executive session was scheduled to last approximately 45 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 at the executive session were: Mayor Earling, and Councilmembers Johnson, Buckshnis, Peterson, Petso and Bloom. Others present were City Attorney Jeff Taraday, Parks and Recreation/Acting Human Resources Administrator Carrie Hite, Police Chief Al Compaan, Otto Klein, Summit Law Group, and City Clerk Sandy Chase. At 7:05 p.m., Mayor Earling announced to the public present in the Council Chambers that an additional 15 minutes would be required in executive session. The executive session concluded at 7:20 p.m.

Mayor Earling reconvened the regular City Council meeting at 7:22 p.m. and led the flag salute.

### 2. APPROVAL OF AGENDA

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO ADD AN EXECUTIVE SESSION REGARDING POTENTIAL LITIGATION AS AGENDA ITEM 11. MOTION CARRIED UNANIMOUSLY.**

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE THE AGENDA IN CONTENT AND ORDER AS AMENDED. MOTION CARRIED UNANIMOUSLY.**

**3. APPROVAL OF CONSENT AGENDA ITEMS**

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:**

**A. ROLL CALL**

**B. APPROVAL OF CLAIM CHECKS #134307 THROUGH #134434 DATED SEPTEMBER 20, 2012 FOR \$947,518.86 (REPLACEMENT CHECKS #134324 \$10.00 AND #134429 \$10.35). APPROVAL OF PAYROLL DIRECT DEPOSIT & CHECKS #51683 THROUGH #51705 FOR \$446,198.80, PAYROLL CHECKS #51715 THROUGH #51716 FOR \$931.96, BENEFIT CHECKS #51706 THROUGH #51714 & WIRE PAYMENTS FOR \$191,623.79 FOR THE PERIOD SEPTEMBER 1, 2012 THROUGH SEPTEMBER 15, 2012.**

**C. ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES FROM JUDY SALINAS, GLAZED & AMAZED (\$419.41).**

**Introduction of Student Representative**

Council President Peterson introduced Student Representative Yaelle Kimmelman, a student at Edmonds-Woodway High School, and described her background.

Student Representative Kimmelman said she was excited to be selected as the Council Student Representative and looked forward to making students' voices heard.

**4. AUDIENCE COMMENTS**

**Jennifer Machuga, City of Edmonds**, read a letter into the record related to the continued discussion on the non-represented employee compensation study and policy. It acknowledged the fact that the Council has tough budget decisions to make tonight and in the following months. The letter was signed by City employees from both non-represented and represented employee groups and noted all are dedicated employees who have the best interests of the City. To the majority of residents as well as those who visit and conduct business within Edmonds, employees are seen as one group and not categorized as represented and non-represented. Everyone receives the same quality of service from staff regardless of whether that employee falls into a represented or non-represented employee group.

There is no one person or group that makes the city function; it is a team that supports one another. The letter acknowledged it can be discouraging for a non-represented employee to work alongside a represented co-worker and know that even though both provide the same level of service, one has continually received cost of living and merit salary increases, in addition to several other represented benefits, and the other has not. This type of disparity can affect morale and gives the appearance that certain employees are valued more than others. There should be internal equity across the board. The letter concluded with a request that the Council's decision shows respect for the 39 dedicated non-represented employees and provides a result consistent with the approximately 170 represented employees. Several employees accompanied Ms. Machuga at the microphone as she read the letter.

**Roger Hertrich, Edmonds**, referred to the contract for police services with Woodway that was approved by Councilmembers Peterson, Buckshnis, Johnson and Yamamoto and endorsed by Mayor Earling at last week's meeting. He referred to the low cost of the contract; expressing concern with the "cheap deal" the

Council gave Woodway. He recalled Councilmember Fraley-Monillas' comments at last week's meeting regarding the much higher cost of a full service contract, \$100,000 - \$200,000. He explained the low contract made it possible for Woodway to go out to bid for a \$2 million, 6,000 square foot City Hall building with a 500 square foot plaza. The cost of a \$2 million bond would be approximately \$160,000/year. He suggested the Councilmembers who voted in favor of this giveaway of public money, giving Woodway the ability to finance their new building, deserved a "special award."

5. **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, OPPOSING COMMERCIAL AIR PASSENGER AND OTHER INCOMPATIBLE AIR SERVICE AT PAINE FIELD LOCATED WITHIN SNOHOMISH COUNTY.**

Mayor Earling explained he placed this on the agenda because it is an issue past Councils have spoken to and in light of recent activities at Paine Field, he wanted to give the current Council an opportunity to speak to it or take a vote of continued opposition.

Community Services/Economic Development Director Stephen Clifton explained since 1995 the Council has passed several resolutions opposing commercial air passenger service at Paine Field. He highlighted provisions in the resolution that are significantly different from resolutions passed as recently as 2010: the Federal Aviation Administration (FAA) issued a final National Environmental Assessment (EA) on September 14, 2012. The EA only assessed impacts from the number of flights generated by two airlines proposed to use Paine Field; the assessment is seriously flawed because it does not assess potential cumulative impacts if Paine Field were opened to commercial air passenger service. Once Paine Field is opened to commercial air passenger service, FAA laws stipulate commercial service cannot be limited and will take precedence over existing general aviation flights. It is feared this will jeopardize the Boeing and manufacturing emphasis and general aviation emphasis of Paine Field.

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE RESOLUTION 1282, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDMONDS, WASHINGTON, OPPOSING COMMERCIAL AIR PASSENGER AND OTHER INCOMPATIBLE AIR SERVICE AT PAINE FIELD LOCATED WITHIN SNOHOMISH COUNTY. MOTION CARRIED (4-0-1), COUNCILMEMBER JOHNSON ABSTAINING.**

Mayor Earling said the official resolution will be provided at next week's meeting for Councilmembers' signature.

Mayor Earling stated it is customary for a Councilmember to state the reason he/she chose to abstain. Councilmember Johnson responded it may be customary but she was told it is not necessary. City Attorney Jeff Taraday agreed, explaining there was no Council procedure that required a Councilmember to declare why they abstained. The Council could adopt such a procedure.

6. **NONREPRESENTED EMPLOYEE COMPENSATION STUDY AND POLICY DISCUSSION (CONTINUED FROM 9/18/12).**

(Councilmember Yamamoto participated in this agenda item by telephone.)

Council President Peterson recalled he tabled the motion at last week's meeting; he asked whether a motion needed to be made to remove the item from the table. City Clerk Sandy Chase read the motion to table made at last week's meeting:

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER JOHNSON, TO TABLE THIS ITEM. UPON ROLL CALL, MOTION CARRIED (3-2), COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS BUCKSHNIS AND JOHNSON VOTING YES; AND COUNCILMEMBERS PETSO AND BLOOM VOTING NO.**

City Attorney Jeff Taraday explained the Council could also make a motion to suspend the rules.

Councilmember Petso commented the motion to table made at the last meeting was not appropriate; the motion should have been to table to a definite time. She asked whether a motion to remove the item from the table or to suspend the rules was preferable. Mr. Taraday answered either would be appropriate.

**COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO SUSPEND THE RULES AND ALLOW MS. HITE TO CONTINUE WITH HER PRESENTATION AND TAKE UP A MOTION LATER. MOTION CARRIED UNANIMOUSLY.**

Acting Human Resources Administrator Carrie Hite explained the consultant made a presentation at last week's meeting regarding the Nonrepresented Employee Compensation Study. The consultant is not present tonight. She sought Council direction on the following:

- 2012 compensation: budget \$88,000
- 2013 budget assumptions
- Management leave, use it or lose it, no cashout, each day represents \$13,272
- Employment contracts
- Compensation policy

Councilmember Petso summarized the motion that was on the floor:

**PUT EMPLOYEES ON STEPS IN A TWO-YEAR PHASE IN AND SPEND THE \$11,000 NECESSARY TO PUT TWO OF THE EMPLOYEES SO THAT THEY WERE PAID MORE THAN THEIR IMMEDIATE SUBORDINATES, NO COLA FOR 2012.**

**Motion from the 9/18/12 minutes:**

**COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO BEGIN A MOVE TOWARD PUTTING EVERYONE ON STEPS WITHIN THE PROPOSED PAY RANGES WITH A 2-YEAR PHASE-IN, NO COLA, NO BONUS, NO MANAGEMENT LEAVE, AND IN ADDITION TAKE CARE OF THE THREE POSITIONS WITH COMPRESSION ISSUES THAT HAVE BEEN IDENTIFIED BY THE STAFF.**

Councilmember Petso explained she did not intend any disrespect to the employees in attendance; by coincidence, the 2012 budgeted amount for COLAs for nonrepresented employees is approximately the amount required to place employees to steps. The difference is which employees will receive the money; rather than an across-the-board percentage to each employee; the proposed motion would instead address issues that have been brought to the Council's attention including that two employees are below the pay range as well as employees who are not paid as much as their subordinates. In addition as employees are moved toward the next step, there will be raises necessary to achieve that movement. The only difference between the proposed motion and a COLA is a COLA is distributed equally via a percentage to each employee. The proposed motion directs approximately the same amount of money to address certain problems and inequities that the consultant identified.

**UPON ROLL CALL, THE VOTE ON THE MOTION FAILED (2-4), COUNCILMEMBERS PETSO AND BLOOM VOTING YES; AND COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS YAMAMOTO, JOHNSON AND BUCKSHNIS VOTING NO.**

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO PUT EVERYONE ON A STEP THIS YEAR WHICH WOULD BE ABOUT \$68,000.**

Councilmember Buckshnis explained rather than wait two years, she preferred to place everyone on a step now "since we have the money." She suggested addressing the remaining money after a decision regarding placing employees on steps has been made.

Councilmember Petso referred to Councilmember Buckshnis' comment, "since we have the money," pointing out the cost to place everyone on a step costs more than the COLAs. The \$88,000 in the 2012 budget included both COLAs and merit increases. She asked whether the intent was to put everyone on a step and not have COLAs or merit increases. Councilmember Buckshnis preferred to address the surplus after the decision regarding placing employees on steps has been made. The remaining money could be distributed via a COLA or a lump sum payment.

Responding to Councilmember Johnson's questions, Councilmember Buckshnis explained the proposed motion would bring everyone up to a step and those in excess of a step cannot go any higher and are frozen. Ms. Hite agreed.

Ms. Hite further explained the two employees below the pay ranges would come up to the first step. Placing all employees on a step would also resolve the three employees with compression issues. Councilmember Johnson summarized the proposed motion would resolve those five positions and place everyone on a step.

Councilmember Petso inquired about the surplus Councilmember Buckshnis referred to. Councilmember Buckshnis explained it was the difference between the \$88,000 in the 2012 budget for COLAs and merit increases and the \$68,000 cost to place everyone on a step.

Councilmember Yamamoto asked whether distribution of the surplus would affect all employees including those at the top of their range. Councilmember Buckshnis preferred to resolve the issue of placing employees on a step first before discussing how to handle the excess.

Councilmember Petso asked how much of the \$88,000 budget in 2012 has already been appropriated for merit increases. Ms. Hite estimated \$2,000 had been allocated; merit increases have been few and far between as Mayor Earling froze them early this year.

Council President Peterson spoke in favor of the motion. He cited the importance of creating internal equity in the way represented and nonrepresented employees are treated, stating this was a great way to make that happen. He agreed with placing employees on a step in one year; if it is a good idea to enact the step policy, it should be done as soon as possible. Funds were budgeted in 2012 for an increase for nonrepresented employees and the proposal is well within the budgeted amount.

**THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.**

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO AUTHORIZE THE MAYOR TO TAKE THE REMAINDER OF THE UNSPENT BUDGETED MONEY FOR 2012 TO MAKE EQUITY ADJUSTMENTS TO THE NONREPRESENTED EMPLOYEES.**

Councilmember Buckshnis asked whether there were issues if the remaining \$20,000 was distributed to everyone in a lump sum payment. Ms. Hite answered there is no issue if it is spread between everyone; there may be issues if the amount is spread between only a few. Councilmember Buckshnis asked if the intent was for Mayor Earling to distribute the money via merit increases. Council President Peterson suggested a 1.5% pay increase retroactive to as far back as we can go in 2012. He relayed Ms. Hite's determination that the 1.5% increase starting in approximately May would cost \$20,000. He summarized his intent was the same percentage would be spread between employees rather than a lump sum amount.

Council President Peterson clarified rather than everyone getting the same lump sum payment, his intent was to authorize Mayor Earling to spend the money either as 1.5% payment as bonus pay at the end of the year or over the next few months once the amount expended on merit increases has been determined. He

summarized Ms. Hite, Mayor Earling and Mr. Hunstock would be the best ones to determine the allocation.

Councilmember Yamamoto asked if that would include the employees at the top of their pay scale. Council President Peterson answered yes, noting some of the equity adjustments would be at the Mayor's discretion.

Councilmember Petso observed \$2,000 of the \$88,000 budgeted had already been allocated, leaving \$18,000 to be distributed. Ms. Hite answered she would like to confirm the amount that has been allocated on merit increases. If the motion passes, she recommended staff work with Mayor Earling to determine the amount that remains after everyone is moved to a step and the amount allocated to merit increases has been determined.

Councilmember Bloom asked if Council President Peterson's motion was a lump sum or a 1.5% increase. Council President Peterson answered he preferred a 1.5% increase rather than a lump sum payment.

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO AMEND THE MOTION THAT THE EQUITY ADJUSTMENTS NOT BE A LUMP SUM PAYMENT. AMENDMENT FAILED (2-4) COUNCIL PRESIDENT PETERSON AND COUNCILMEMBER YAMAMOTO VOTING YES.**

**COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO AMEND THE MOTION TO MAKE THE EQUITY ADJUSTMENTS A LUMP SUM PAYMENT SPREAD OUT EVENLY TO EVERYONE.**

Council President Peterson asked if Councilmember Buckshnis' statement, "spread evenly to everyone" meant everyone got the same amount or the lump sum would be calculated as a percentage of their pay.

Councilmember Yamamoto commented the most equitable way would be to distribute it as a percentage of their base salary.

Councilmember Buckshnis clarified her intent was a lump sum payment based on length of service.

**THE VOTE ON THE AMENDMENT CARRIED UNANIMOUSLY.**

Ms. Hite clarified the intent was whatever was left from the \$88,000 after the merit increases and the amount necessary to put employees on steps, be distributed evenly between all nonrepresented employees in a lump sum in a percentage based on the nonrepresented employee's base salary.

### 2013 Budget Assumptions

Ms. Hite advised the Finance Department is preparing a preliminary budget. The 2013 budget discussion is based on the 2012 decisions the Council just made and fulfilling the Compensation Policy recommendations. She invited the Council to discuss the 2013 budget assumptions with regard to the Compensation Policy.

Councilmember Petso commented she has a number of edits to the Compensation Policy as it was recommended by the consultant but left the document at home tonight. She suggesting adding to the policy that 5% step increases are not automatic because that may not be affordable.

Council President Peterson suggested whatever percentage the Council agrees on, the Council ask Mr. Hunstock to incorporate that percentage in the preliminary budget. No final decisions regarding the percentage in the 2013 budget will be made until the Council concludes its deliberations on the 2013 budget. Tonight's decision is intended to provide guidance to staff regarding different scenarios, not make

an absolute decision. He did not want to limit the discussion to the low end early in the process and urged the Council to consider the information the compensation consultant provided.

Councilmember Johnson agreed Council President Peterson's suggestion was a prudent course of action.

Councilmember Buckshnis expressed interest in seeing dollar amounts for 0.75%, 1%, 1.25% and 1.5% COLAs.

Councilmember Petso pointed out the salary policy also proposes 5% for steps. She asked whether the intent was to incorporate that into the numbers Mr. Hunstock will provide, or only the step the Council just approved and grant COLAs next year. Council President Peterson envisioned a combination of the two. He questioned why the Council would implement a step program tonight and not have step increases next year. He suggested a 5% step be provided as one budget line item as well as the range of COLAs that Councilmember Buckshnis suggested.

Ms. Hite relayed Mr. Hunstock's recommendation that they work with Mayor Earling to incorporate the budget assumptions based on the Council's conversation tonight and the recommendation of the compensation consultant. Mr. Hunstock will provide options for the preliminary budget.

#### Management Leave

Ms. Hite explained there was a request from the Council last week to cost out management leave. Management leave was one of the compensation consultant's recommendations as many comparable cities provide it for nonrepresented employees. Management leave is "use it or lose it;" there would not be any cashout or hard dollars from the City's budget. Each day represents approximately \$13,000.

Councilmember Petso stated she was not interested in management leave at this time because the City has already run into situations where the necessary employees are not present due to vacation or other reason. Leave schedules are already pretty generous and she did not find it appealing to add to leave.

Council President Peterson commented he would like to see what a 3-day management leave scenario looks like. Ms. Hite commented 3 days would be 3 times \$13,000. That is the indirect cost of management leave. It is not a cashout benefit and that amount would not be added to the budget in any scenario.

Councilmember Petso asked whether an employee would have the option to take management leave instead of vacation or sick leave and then cashout vacation or sick leave. Ms. Hite answered an employee can only cash out vacation and a portion of their sick leave when they leave the City's employment.

#### Employment Contracts

Ms. Hite explained this issue was raised by the compensation consultant. There are pros and cons associated with employment contracts. Contracts may lessen the City's liability in some respects but there are also negatives associated with employment contracts.

City Attorney Jeff Taraday commented employment contracts at the director level can be a helpful recruiting tool to provide an additional level of certainty to a director level candidate. One of the things that would typically be included in an employment agreement is a provision for 3 month severance package if the employee is terminated without cause in exchange for a release and waiver from the employee. An employment contract can do two things, 1) to the extent that a potential employment candidate is uncertain about making a change to a new employer and wants to have a parachute if things don't go as well as expected, it can be a useful recruiting tool for director level candidates, and 2) if an employee is terminated, it can in some cases reduce the potential liability to the City because knowing they are entitled to the 3 month severance package, the employee may opt not to "lawyer up."

Mr. Taraday cautioned employment contracts need to be carefully drafted to ensure it is still clearly an at-will position and it does not in some way create a contract right to employment. Employment contracts can also give the City Council a performance dial if there is a particular metric the Council wants a department to achieve; that performance metric could then be tied to compensation.

Councilmember Petso observed it was unlikely the Council will be acting on this issue tonight. She assumed the matter would be reviewed by the Public Safety and Personnel Committee and returned to the Council for further discussion. Ms. Hite agreed that could be done at the Council's discretion.

Council President Peterson observed this was not an issue that needed to be addressed immediately. He questioned whether Council wanted staff to develop a rough draft of an employment contract before referring it to committee for review and returning to the Council next year. Before staff drafted an employment contract, Ms. Hite requested the Council indicate whether there was interest in referring it to the Public Safety and Personnel Committee.

Councilmember Bloom suggested the Committee consider it next year. Council President Peterson concluded the Committee would discuss it next year or at the Council retreat.

#### Compensation Policy

Ms. Hite observed there was interest by Council in internal and external equity. She asked for Council input regarding the compensation consultant's recommendations for step increases. The consultant's recommendation is for an objective compensation policy rather than the subjective policy the City has utilized in the past. She asked for Council input regarding the amount between steps and whether to include qualifying language such as 5% subject to Council approval. She could then draft options for the Council's consideration.

Council President Peterson suggested the language read 5% with the provisions Ms. Hite suggested. He pointed out one of the differences between a represented and a nonrepresented step program is the Council has the ability to freeze the steps if necessary in the nonrepresented program which is not an option in a negotiated contract.

Councilmember Petso agreed with including language "subject to Council approval." She also suggested deleting the first two paragraphs and the last four paragraphs of the policy. She offered to email Ms. Hite her suggested revisions.

Councilmember Buckshtnis also offered to send her suggested changes to Ms. Hite.

(Councilmember Yamamoto discontinued his participation in the Council meeting by phone at 8:23 p.m.)

### **7. 2013 BUDGET WORK SESSION**

Mr. Hunstock explained the intent of this agenda item is to have a high level discussion of each department's budget assumptions going into 2013 budget planning. The assumptions will be included in the preliminary budget that Mayor Earling will present to the Council on October 16.

Mr. Hunstock explained with a projected deficit of \$1.5 million for 2013, the Mayor, Directors and staff sought to reduce expenses in order to balance the budget, as well as potentially address the ongoing imbalance between growth in revenue and expenses. The following approach was taken in developing the 2013 budget.

- No new taxes
- Across-the-board reduction of approximately \$850,000 allocated to all departments except non-departmental



- Reduction in staffing through the Voluntary Separation Incentive Program for a targeted savings of at least \$400,000
- Projected potential savings of at least \$250,000 in the City's portion of health insurance premium costs
- The above \$1.5 million reduction represents a cut of approximately 4.5% of the General Fund budget
- All reductions will have an impact on service levels internally within the City and/or externally to the public
- Declining fund balances in other funds will continue to place pressure on the General Fund to cover deficits in those funds:
  - LEOFF Medical Insurance Reserve Fund – another significant transfer from the General Fund is anticipated
  - Cemetery maintenance Improvement Fund – a transfer from the General Fund will be required to cover the deficit in this fund beginning in 2013
  - Public Facilities District (Edmonds Center for the Arts) – payment of debt service on behalf of the Public Facilities District is expected to require an annual transfer indefinitely.

Finance Department

Mr. Hunstock reviewed what the Finance Department does:

- Mandated services:
  - Budgeting (RCW 35A.33)
  - Financial reporting (RCW 43.09.230)
- Other Services
  - Risk management
  - Internal audits
  - Grant monitoring
  - Cash management
  - Department support
  - Special projects

Mr. Hunstock reviewed 2011 operating measures:

- Utilities
  - Mailed 67,300 utility statements
  - 12,900 customers
  - Generating \$13 million in utility revenue
- Accounts Payable
  - 6,500 checks written for 10,700 invoices
  - \$31.8 million in vendor payments
  - 14,00 different vendors
- Payroll
  - 5,000+ paychecks
  - \$15.4 million in gross payroll
  - Paid to 327 distinct individuals

Mr. Hunstock reviewed highlights of the Finance Department 2013 budget:

- Consistent staffing levels from 2012 to 2013
- Reduction in professional services (approximately \$12,000) for sales tax auditing program
  - Will require staff to participate to a greater extent in sales tax auditing
  - We will further develop in-house resources for this via utilities database, GIS information, etc.
- Targeted reductions in supplies, travel and miscellaneous

Mr. Hunstock reviewed Non-Departmental expenditures over \$100,000:

\$6.4 million – Fire District 1 contract

\$1.4 million – principal and interest payments

\$817,000 – SnoCom / New World

\$600,000 – LEOFF Medical Expense Fund

\$486,000 – Prisoner Care (previously in Police Department budget)

\$444,000 – Insurance – liability and property

\$270,000 – Public Defender (increase of \$130,000)

\$250,000 – Edmonds Center for the Arts

\$202,000 – Hydrant costs

\$180,000 – ESCA/SERS

\$100,000 – accrued vacation/sick payouts

\$200,000 – approximate total increase in 2013 compared to 2012

### Information Services

CIO Carl Nelson described the proposed reorganization:

- Anticipated vacancy of IT position
- Upgrade one existing position
- Establish part-time IT Assistant (helpdesk)
- Proposed reductions and reorganization service impacts:
  - Technology adoption slowed or moved out
  - Longer timeframes for software/hardware updates
  - Web/social media adoption done case-by-case

Mr. Nelson provided information regarding the fiber project:

- Ongoing maintenance of equipment/facilities
- Excess capacity generates approximately \$34,000/year
- CTAC recommendations:
  - Additional route from downtown to Highway 99
  - Business Plan to develop revenue from excess fiber capacity
  - Transition to enterprise fund

### Mayor's Office

Mr. Hunstock explained the Mayor acts as the fulltime Chief Executive Officer and Chief Operating Officer. The Mayor's Office encompasses the Mayor and the Executive Assistant along with the Human Resources Department, Municipal Court, Economic Development Director, City Clerk and City Attorney.

Mr. Hunstock highlighted the Mayor's Office 2013 budget:

- Net overall budget cuts of 8% achieved through salary and benefit reductions
- Resources reallocated to cover greater participation by Mayor at the regional level

### City Clerk's Office

City Clerk Sandy Chase reviewed a partial list of the City Clerk's Office's responsibilities:

- Public Records Requests - has become the number one impact in the City Clerk's Office and affects all departments
- Official City Records Management
- City Council – special meetings and public hearing notices, agendas, packets, minutes
- Ordinances, resolutions / codification
- Business licenses
- Parking permits

- Claims for damages / litigation
- Other: contracts, reception services, mail services, notary services, recording services, research, elections, special events, census, etc.

Ms. Chase provided 2012 highlights:

- Public Disclosure/Records Management Specialist (part-time) hired in March
- Working with Information Services, a vendor has been selected for a Documentation Management System in the Clerk's Office to upgrade 1993 system – will assist public and internal staff
- All employee training provided – records requests (Public Records Act), electronic records management, records retention

Ms. Chase reviewed challenges:

- Public records requests continue to be a challenge due to the extensive nature of requests and volume
- Management of email / electronic records
- Management of paper records (impacted by electronic requests)

Ms. Chase explained records requests frequently ask for any and all records associated with a topic. This likely requires a search of email records which then turns up hundreds or thousands of emails related to a public records request. Each email must be reviewed to determine if any are exempt from disclosure which involves the City Attorney and referral to the Clerk's Office for redactions, creation of a redaction log, etc. All paper records must also be reviewed for this purpose as well. Since 2005 the City has captured all email; there is no system in place that allows for the removal of records not required to be kept by the Washington State Records Retention Schedules. Therefore because the City is in possession of records that are not required, they must be disclosed if a records request is received. If paper records are properly managed and destroyed in accordance with Record Retention Schedules, the records may still need to be disclosed if they were originally provided electronically because they still exist in the City's email records. Ultimately this creates additional work that good records management is intended to avoid. This is a major challenge that she will continue to pursue aggressively with Information Services in the coming years.

Ms. Chase reviewed budget reductions and impacts:

- Reduce advertising budget related to non-required newspaper ad
  - Impact: less public outreach
- Reduce communications (postage)
  - Impact: Greater use of electronic communication
- Reduce training/travel
  - Impact: Less opportunities to increase knowledge/skills

### Police Department

Police Chief Al Compaan reviewed proposed 2013 staffing:

- Commissioned Officers: 51 (including 2 in training)
  - Chief, Assistant Chief, Field Services, Investigations, Training Corporal, Administrative Sergeant, and Professional Standards Sergeant
  - Reduction of 4 FTE from 2012 budget
- Civilian staff: 9 full-time and 2 part-time
  - Police Clerks, Property Office, Animal Control/Ordinance Enforcement, Executive Assistant, part-time DV Coordinator and Administrative Assistant

Chief Compaan reviewed impacts on the 2013 budget:

- Eliminates Assistant Chief position vacated by retirement
- Eliminates vacant patrol officer position
- Eliminates patrol officer position through VSIP
- Eliminates sergeant position through VSIP
- Requires realignment/reorganization of commissioned staff in Field Services
- Reduces prisoner care budget by \$40,000 and moves it to the Non-Department budget.

Chief Compaan highlighted police activity:

- Part 1 crimes solved – 33.7% (very high clearance rate)
- Felony filings – 288, record number in 2011
- Traffic citations and infractions – 6,063
- DUI arrests – 161
- Total misdemeanor arrests – 1,497
- Animal control incidents – 1,370
- Parking citations – 793
- Firearms related requests (CPL, transfers) – 1,031
- Public Disclosure Requests – 2,093

Recent operational highlights included:

- Established regional burglary task force
- Integrated North Metro SWAT team after approval of Interlocal Agreement

Recent highlights related to community relations included:

- Celebrated Police Centennial in collaboration with Edmonds Historical Museum
- Hosted Edmonds Night Out on July 31, 2012

#### Public Works and Utilities Department

Public Works Director Phil Williams described who and what Public Works does:

- Operate and maintain 14 wastewater lift stations, one water pump station and 20 PRV stations, 2,100 valves, 2,000 hydrants, 4 reservoirs (7.5 million gallons), 3,300 manholes, 180 and 190 miles of water and sewer mains, respectively
- Maintain 133 CL miles (288 lane miles) of paved surface in City ROW, 448 City-owned streetlights, 18 signalized intersections, and 5,625 signs
- Maintain 7,077 catch basins, cleaning about 6,000/year, 571 public and private detention/treatment ponds, and over 175 miles of storm water piping and open drainage ditches or creeks
- Maintain, fuel and replace as necessary 158 pieces of rolling stock, 92 in Public Works & Utilities
- Maintain or operate/maintain 20 major public buildings or facilities

Mr. Williams reviewed 2012 accomplishments:

- Main Street 5<sup>th</sup> to 6<sup>th</sup> construction underway – will be completed in November
- Received \$5.21 million grant for 228<sup>th</sup>/99 and signal improvements (no local match required)
- Received notice of award for construction grant for Five Corners roundabout \$1.94 million
- Began design/ROW phase 212<sup>th</sup>/76<sup>th</sup>
- Finished up 2010, 1011 and 2012 water line replacements - \$5.1 million
- Completed rebuild of sewer lift station #2 - \$900,000
- Completed two Talbot Road drainage projects

Mr. Williams reviewed budget reductions and impacts:

- Reduce Public Works Administrative Assistant position to 80%
  - Full coverage in office eliminated on Fridays
  - Slower response to service calls from the public
  - More people will be left with voicemail or have to call 911 on Fridays
- Reduce current staff in Engineering for review of private development impacts and ROW permit applications from three to two (33% staffing reduction):
  - Overall customer service experience, Q&A, counter presence, etc. will decline
  - Review times will increase for ROW permits for the public and for the utilities (Comcast, PSE, PUD, Frontier, etc.)
  - Review times for City utility impacts and Public Works frontage impacts in City ROW will increase
  - Public Works webpage will not be as frequently updated and improved
- Budget reduction targets in Facilities Division will be met through energy cost savings over 2011 and from line item maintenance cuts:
  - Office painting, carpeting, and small improvements will be eliminated
  - Current reduced staffing level will be extended for custodians
- Fleet Division will convert 17 vehicles to propane fuel savings approximately \$60,000 annually
  - Lower maintenance costs, reduced greenhouse emissions

Mr. Williams reviewed the following decision packages:

- Water
  - Replace meter reading handhelds - \$35,000
  - Purchase Insert-a-Valve (or equal) - \$50,000
- Sewer
  - Replace (2) trailer-mounted generators - \$70,000
  - Replace (2) davit hoists - \$16,000
- Fleet
  - Replace (3) 16-17 year old trucks - \$165,000 (funded by B Fund)
- Engineering
  - New position for capital project management - \$95,000 annual expense 2013 – 2015 will save over \$100,000/year in consultant costs

Mr. Williams reviewed upcoming issues:

- Utility rates
  - Proposed rate increased for City utilities from recently approved Comprehensive Plan for Water and Stormwater
    - Water – 7.5%
    - Stormwater – 8.0%
  - New Comprehensive Plan for wastewater under way now – have not increased sewer rates since 2004, 2013 placeholder of 5%
  - These adjustments are needed to continue to replace the City’s aging infrastructure
- Street Pavement Preservation
  - After much discussion and several attempts, no ongoing predictable source of funding has been identified to meet this approximately \$1.5 million annual need
  - Without additional investment, street condition continues to decline

### Human Resources

Acting Human Resources Administrator Carrie Hite explained Human Resources provides oversight and all human resources services to all City Departments including recruitment, testing, job classification, compensation administration, administration of all benefit programs, training, employee relations, labor

union relations and negotiations, policy development, program development, Disability Board, Civil Service and employee records.

Ms. Hite highlighted 2012 projects:

- Reorganization of department
  - Budget amendment next month to hire HR analysis
- Nonrepresented Compensation study and policy
- Job description update
- Personnel Policy update
- EPOA negotiations, mediation
- Medical benefits reopener and change
- Voluntary Separation Incentive Program

Ms. Hite highlighted 2013 issues:

- Complete reorganization, staffing levels
  - 2013 budget includes a FTE HR analysis
- EPOA still pending
- Law Support negotiations for 2013

Ms. Hite described 2013 budget reductions and impacts:

- Reduce supplies
- Reduce professional services
  - Eliminates citywide flu shots
- Reduce advertising
  - Move to more online advertising
- Reduce citywide tuition reimbursement program
- Reduce employee awards
- Reduce wellness budget

#### Parks, Recreation and Cultural Services Department

Parks, Recreation and Cultural Services Director Carrie Hite provided an overview of the department:

- Manage over 450 acres of park land and open space, including robust flower program
- Operate Frances Anderson Center, Yost Pool, Edmonds Memorial Cemetery, Meadowdale Preschool
- Provide comprehensive recreation programs to the community
- Provide comprehensive cultural arts programs
- Partner with Senior Center, library and others

Ms. Hite reviewed 2012 accomplishments

- Interurban Trail completion
- Hazel Miller Plaza completion
- Sports tourism/half marathon
- RCO application for City Park
- Park Impact Fee study moving forward
- Edmonds Marsh grant, and work with People for Puget Sound
- OLAE: Improvements at off leash area
- Flower basket adoption program
- Art enhanced flower poles
- SR 99 ground breaking
- Underwater Park

- (2) grants from Verdant, including free swim lessons for all 3<sup>rd</sup> graders and pilot Xfit camp for youth at risk of obesity
- Parks assisting with Main Street, Five Corners

Ms. Hite reviewed budget reductions and impacts:

- Reduce seasonal parks labor
  - Corner flower beds will be planted with perennials
  - Reduction in mowing, landscape maintenance
- Reduce irrigation at neighborhood parks and ball fields
  - Grass will go dormant for the summer, will reduce water costs and mowing
- Reduction of staff at Frances Anderson Center (1.5 FTE)
  - Reorganize office
    - Reduce recreation office hours
    - Decrease in service levels for arts program
- Reduce Arts funding
  - Eliminate one summer concerts
  - Eliminate arts scholarship programs
  - Arts Commission programs to be funded by Writers on the Sound Conference revenue
- Reduce Beach Ranger Program
  - Limit summer beach patrols
  - Visitor station closed
  - Reduction of programs

Ms. Hite described a proposed decision package:

- Park, Recreation, and Open Space Plan (PROS) with Community Cultural Plan - \$125,000
  - PROS plan expired May 2014
  - Funding could be split between 2013 and 2014
  - Not eligible for REET funding

Ms. Hite commented on issues:

- Cemetery Maintenance Fund
  - Expenses continue to grow, revenues are flat, therefore fund balance is decreasing
  - Current fund balance will be depleted this year (2013) and will need General Fund subsidy
- Park Trust Fund: Yost Pool
  - Trust Fund for Yost “Save the Pool” campaign depleted in 2011
  - Long term operational goal is to increase revenue, decrease expenses and minimize subsidy
  - Both participants and revenue increased this year compared to last year

#### Community Services and Economic Development Departments

Community Services/Economic Development Director Stephen Clifton described the department’s responsibilities related to Community Service:

- Provides support to the Mayor, City Council, Department Directors and City staff
  - Help form and develop long-term policies and strategies
  - Plan, organize, coordinate, and implement major/special projects
  - Serve as a liaison between the City and its residents, and community, regional and state organizations
  - Develop and establish both long-term and short-range goals and objectives and administrative procedures and policies
  - Help coordinate Capital Improvement Projects
  - Participate as a member of the annual budget review team

- Special project management on regional issues that involve funding, legislation and interlocal agreement
- Serve as Administrative Mayor when the mayor is away from the office
- Serve as City's Disaster Recovery Coordinator

Mr. Clifton described the department's responsibilities related to economic development:

- Works to strengthen the local economy by:
  - Attracting new businesses
  - Working with property owners on development options
  - Assisting local merchants to grow their businesses
  - Resolving complaints/concerns and marketing Edmonds to businesses and visitors
- Coordinates with other departments, government agencies and Chamber of Commerce on special projects
- Works on policies that encourage economic development and make the City more business friendly.

Mr. Clifton reviewed 2013 budget reductions and impacts:

- Community services
  - Reduce funding in professional services
    - Eliminates environmental attorney funding
- Economic Development
  - Reduce funding in professional services
    - Reduces ability to contract with economic development contractors on special projects
- Reduce funding for advertising
  - Reduces ability to most effectively market the City

Mr. Taraday advised a member of the Lighthouse team has the requisite expertise to handle environmental issues and that can be addressed via the existing City Attorney contract.

#### Development Services Department

Interim Development Services Director Rob Chave explained operations consist of programs design to meet federal and state requirements and locally mandated laws and codes as well as other discretionary services. He displayed an organizational chart for the department that includes Development Services Administration, the Building Division and the Planning Division. He described services the department provides:

- Mandatory:
  - Permit review and inspection
  - Long range planning and regional coordinator
  - GMA compliance
- Other services:
  - Code enforcement
  - Public information and assistance
  - GIS analysis and mapping
  - Website management and permit information
  - Support for Boards and Commissions and Hearing Examiner

Mr. Chave reviewed trends:

- Permit revenue continues to be at a reduced level, well below the peak years (2004-2007) but recovering from the 2009-2010 trough
- Permit activity is at a high level
- Staffing is reduced from peak (2006) and as proposed will be below the 1991 staffing level



- Because of reduced staffing, permit activity per employee is nearing an all-time high

Mr. Chave reviewed several bar graphs illustrating:

- Development Services employment vs. building permits
- Building permits per Development Services employee
- Building permits issues through August compared to revenue

Mr. Chave reviewed 2013 budget reductions and impacts:

- Reduction in staffing: Director position remains unfunded and possible VSIP reduction
- No discretionary funds for independent analysis for permitting or enforcement
- Little capacity for maintenance/replacement of equipment or new initiatives (e.g. permit system enhancement)
- Printing reduction shifts public information to nearly complete reliance on digital/web-based delivery
- Reduced public meeting support (e.g. Planning Board goes from 2 to 1 meeting per month or post meeting recordings on line and keep summary minutes)
- Slower code and plan amendment response times and capabilities

### Municipal Court

Municipal Court Judge Doug Fair reviewed mandated court services:

- Court hearings
  - Hearing must be set in required mandated time limits for infractions and criminal cases
  - Interpreters must be provided at no cost
- Data entry
  - All citations must be entered into the Washington State database correctly
- Probation DUI and domestic violence
  - All defendants who are convicted of a DUI or domestic violence charge must be monitored by the court
- Fine collections
  - Fines are to be collected by the court and allocated to the City and the State
- Process judicial orders
  - The court is responsible for properly processing all paperwork generated by or filed with the court

Judge Fair described other services provided by the court:

- Passports
  - Process passport applications as a special service to the citizens of Edmonds
- Other probation services
- The Probation Office monitors other criminal charges in order to cut down on recidivism
  -

Judge Fair commented on impacts of budget reductions in 2012:

- Discontinued night court to fund court security for video hearings
- Closed during lunch hour to increase productivity

Judge Fair commented on impacts of 2013 budget reductions:

- Reduce by 0.5 FTE
  - Reduce or eliminate passport service
  - Reduce or eliminate probation on theft and drug cases
  - Reduce periodic review on probation cases
  - Reduce number of calendar resulting in longer hearings

Judge Fair explained his caseload has increased approximately 68% since he began as the Municipal Court Judge and staffing levels have decreased 13%. Judge Fair described potential 2013 enhancements:

- Credit card entry at every clerk station
- Ability to make online payments
- Convert to a paperless court

#### City Council

Council President Peterson reported he is working with Mr. Hunstock and Senior Executive Council Assistant Jana Spellman on reducing travel and supplies budgets.

Mr. Hunstock summarized a lot of information was provided tonight but not a lot of specifics. There are still some moving targets including nonrepresented compensation, health insurance and the Capital Improvement Plan. There will be a lot of potential impacts on service levels both internally and externally. A lot of hard decisions have been made that will be incorporated into the preliminary budget that will be presented to the Council on October 16. The budget Mayor Earling presents on October 16 will be a balanced budget; once it is presented, it becomes the Council's budget. He recommended any changes be accompanied by new revenue sources or other cuts to keep the budget balanced. Today he emailed Councilmembers the additional information to be included in the 2013 preliminary budget document. This will include historical information, charts, organizational charts with positions, some policies, actual salaries rather than a range by position, etc.

Mayor Earling expressed his thanks to staff who have taken on the unpleasant task of cutting \$1.5 million from the budget. Staff has been enormously professional. There are obvious reductions in staff even with the VSIP. All departments have had to make considerable compromises and work cooperatively.

With regard to pavement preservation, Council President Peterson asked if there were other TBD funding options. Mr. Williams answered there are a variety of funding options via the state statute that authorizes TBDs such as sales tax, property tax and vehicle license fee but all require a public vote.

Council President Peterson inquired about allocating REET funds to pavement preservation. Mr. Williams answered one of the REET funds is eligible for all capital projects including streets.

#### **8. REPORT ON OUTSIDE BOARD AND COMMITTEE MEETINGS**

Councilmember Bloom reported on the following:

- SeaShore Transportation: State Senator David Frockt provided a summary and encouraged all municipalities to be consistent in their recommendations regarding transportation issues and TBD funding options
- Economic development Commission – subcommittee assignments were discussed. Getting new members up to speed.
- Lodging Tax Advisory Committee – approved an increase in the advertising allocation for the ECA

Councilmember Petso reported the Lake Ballinger Forum met today. The issues discussed will be forwarded to a Council committee for further discussion. She requested a Councilmember replace her on the committee, explaining the committee works with neighboring jurisdictions with the goal of eliminating flooding and improving water quality in the Lake Ballinger and Lake Forest Park areas.

Councilmember Buckshnis reported WRIA 8 has not had a meeting this quarter. Snohomish County Tomorrow (SCT) is discussing mediation between cities regarding the municipal urban growth areas. SCT also plans to discuss coal trains and their impacts on cities. SCT is also working on the inter-jurisdictional housing memorandum.

Councilmember Johnson reported Councilmember Fraley-Monillas and she attended the Parking Committee meeting that included discussion regarding the need for more commuter parking for Sound Transit. This will be discussed again at a future meeting. The Historic Preservation Commission is researching whether sidewalk impressions identifying the street as George Street can be incorporated into the Main Street project.

**9. MAYOR'S COMMENTS**

Mayor Earling reported he attended the ribbon cutting ceremony for the new multi-family project on Edmonds Way, Compass Apartments. The project feels very different inside than it does from the street; it is very high quality construction and is fully leased. He summarized that is a sign of the need and the ability of the community to attract high quality projects.

Mayor Earling reported the Antique Mall property has been purchased and he was hopeful the new owners would move quickly to update the facility.

**10. COUNCIL COMMENTS**

Councilmember Johnson provided a reminder of the dedication of the International Lighting on Highway 99 on Thursday at 11:30 a.m.

Councilmember Johnson welcomed Student Representative Yaelle Kimmelman. She explained a plaque in the Council office lists all the Student Representatives since 1980; Ms. Kimmelman is the 72<sup>nd</sup> student representative. The program has expanded over the years; the first student served only a month, Ms. Kimmelman will serve for the school year.

Council President Peterson reported the Community Solar program celebrated the completion of phase 2 on the Frances Anderson Center roof. Phase 2 significantly increased the number of solar panels installed in phase 1. The power generated in 2012 was 10% greater than originally anticipated. He commended the group of volunteers for the incredible amount of work they have done. He also thanked City staff for processing the permits in a timely manner so the project could be completed and qualify for grants.

Councilmembers Buckshnis and Petso welcomed Student Representative Yaelle Kimmelman.

Councilmember Bloom reported the Tree Board is preparing an Arbor Day celebration and plans to have a booth at the last Summer Market. The Tree Board is preparing a report with recommendations that they will present to the Council before yearend.

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

At 9:58 p.m., Mayor Earling announced that the City Council would meet in executive session regarding potential litigation per RCW 42.30.110(1)(i). He stated that the executive session was scheduled to last approximately 15 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 at the executive session were: Mayor Earling, and Councilmembers Johnson, Buckshnis, Peterson, Petso and Bloom. Others present were City Attorney Jeff Taraday, Interim Development Services Director Rob Chave and City Clerk Sandy Chase. The executive session concluded at 10:20 p.m.

Mayor Earling reconvened the meeting at 10:21 p.m. and adjourned the meeting at that time.