1. Dinner 5:00 pm to 5:30 pm

2. Welcome and Introduction

Mayor Dianne White called the meeting to order at 5:30 p.m. The following Councilmembers were present: Elizabeth Callaghan, Timothy Pearce, Rick Randall, Larry Sather, Conrad Ryer, and Leonard Kelley.

Also present: City Administrator Deborah Knight, Finance Director Greg Thramer, Community Development Director Rebecca Lind, Interim Public Works Director Kevin Hushagen, Police Chief Rick Hawkins, and Deputy Clerk Patricia Myrdal.

Mayor White moved item 6a General Fund Overview to be discussed at the beginning of the special meeting.

General Fund Overview

Finance Director Greg Thramer advised council that the largest items in the 2014 budget are the Comprehensive Plan Updates, an additional part-time planner position, and the Snohomish County Sheriff Contract for police services. He stated that the key initiatives discussed by council represent the five major themes in the budget: public safety, economic development, place making and public spaces, financial sustainability, and regionalism. Director Thramer discussed the revenue assumptions relating to the 2014 budget:

- 5.4 million to be collected which is a 1.6% increase over 2013 revenues
- 4.2% increase in property tax revenues due to new construction
- Increase in sales tax collected based on an 11.7% increase in 2013 compared to 2012
- Utility tax increase of $9,000
- Building Permit revenue has increased in 2013 but estimates for 2014 are conservative
- City Insurance carrier, Association of Washington Cities, announced no rate increase for medical insurance in 2014
- Employee Teamster contract renews in 2014
- Reorganization in the Finance Department eliminated several staffing positions
- Library contract for services
- Fire contract for services remains the same
- Police contract for services has increased 8.5%
- Economic Development will increase from $7500 to $32500 from an increase in business license fees
3. City Hall and Police Department Renovations

City Administrator Deborah Knight introduced Brad Cornwell of RMC Architects noting that he is working with Dave Pelletier of Pelletier and Schaar on the City Hall and Police Department Renovations. She explained that the first phase was to investigate the facilities to determine the condition and the next phase involved pencilling out the estimated project costs which are in the agenda packet. City Administrator Knight stated that the next phase is the design phase and once the architectural drawings are complete the projects will go out to bid in January. She advised council that this is their last opportunity to exit project if they prefer to proceed in a different direction.

Mr. Cornwell stated that the issue with the police building is inadequate restroom facilities, acoustic problems, insecure holding cell, front door and entryway vinyl in poor condition. He said that the biggest change for the building is rearranging the layout of the offices, installing a new ceiling and lighting system, adding support in the roof for the mechanical units, and new restrooms. Mr. Collins advised council that the estimated cost for the renovation is $217,000 which includes replacing the HVAC system on the roof.

Council Discussion

- Installation of door between police station and annex to leave room for expansion. Mr. Collins advised that the wall is a bearing wall with concrete inside.
- Ducting on roof moved? Interim Public Works Director Keving Hushagen stated that the roof desperately needed repair last spring so it was decided to do that in order to preserve the building since it wasn’t known when or if the building would be renovated.

Chief Hawkins advised that his entire staff was involved in the process and noted that the remodel addresses using the space better to improve functionality and enhance service while providing employee safety.

Mr. Cornwell related that it is a challenge to renovate an older building on a tight budget. He stated that the current city hall building has an inadequate electrical system, requires updated electrical fixture, and work spaces that provide openness as well as privacy and a clear sequence of where the public is and how they are greeted and served. He explained that their focus is on the basic infrastructure noting that they addressed what could be done to provide public accessible restrooms, and ensure that public interface with the staff does not compromise security. Mr. Cornwell pointed out that the design includes retaining the historic entry access to the Clerk/Finance and Planning reception areas, creating a centralized copy area, a small meeting room, and a large meeting room, installing an HVAC system for healthy air environment, plumbing updates, attic access for records system, and a sprinkler system. He stated that there is asbestos and lead paint in the building which needs to be addressed and advised that the estimated cost for the project is $260,000.
Council Discussion

- Is the new meeting area larger than the current one? Mr. Cornwell stated that it is about same size but will provide a secure meeting room for community meetings while providing access to restrooms.

- Will internet access for the various workstations be enhanced or not? Mr. Cornwell advised that this strategy will be discussed with the city administrator and staff. He related that the environment, whether office or open area, will use furniture systems. He advised that the infrastructure systems include cable throughout the building.

- Are there any exterior changes? Mr. Cornwell replied that there are not many and the main one is an exterior door to the large meeting room.

- Signage on the new door to the large meeting room

- Will the plan accommodate additional staffing? Mr. Cornwell related that population growth was studied to determine that an increase in staffing will not overpopulate building.

4. Police Contract

Police Chief Rick Hawkins introduced Snohomish County Sheriff Ty Trenary and Captain Suzy Johnson. He stated that the city has contracted with Snohomish County for police services since 1999. Chief Hawkins noted that police services comprise 35% of the General Fund and the proposed contract increased 8.5% or $119,000 over last year. Chief Hawkins stated the department provides a good service to the community and is meeting its goal of community-oriented policing. He suggested the following options to accommodate the increase for council to consider:

- Continue services and pull additional revenue from the General Fund
- Eliminate the detective position
  - Provides a valuable service – reviews and investigates cases
  - Specialty unit position pays 3% more than deputies due to extra training-without a detective, cases needing follow up will need to be assigned to deputies on patrol which can cause grievances because it is specialty work.
  - Saves $100,000 – $34,000 was held to pay Snohomish County Sheriff for deputy duties.
- Retain sergeant on swing shift and eliminate sergeant on day shift - important position provides continuity
- Police Chief work on a part time basis
- Contract out records management group – saves only $24,000 tremendous loss of service to the community.
Councilmember Callaghan pointed out that the Public Safety Committee prefers not to lose any of the services provided by the police department and suggested looking to other budget areas for additional funding. City Administrator Knight said that if council chooses that option they will need to cut other areas in the general fund such as:

- Eliminate seasonal park employee ($14,000) added for anticipated increase in park user fees
- Eliminate city hall copier upgrade ($8,000)
- Use additional fees from business license increase ($15,000) and eliminate funding for economic development money earmarked for the Port Susan Food and Farming Center and Phase Two of the new city website
- Eliminate the on-call police records clerk

City Administrator Knight noted that these reductions do not reach the needed cuts of $119,000. She said that it would be necessary to make deeper cuts so council needs to be aware of potential costs to all departments. She explained that the additional tax gain ($200,000) realized from the library annexation issue could be used for the police contract but there would still be a shortage in 2015 of $84,000 that would need to be covered. She related that there is no easy answer, but this issue must be resolved in order to bring the Mayor’s budget to council in November.

Council Discussion

- Police Overtime
  - Sheriff Trenary offered to mitigate costs of $5,100 saying that City employee Peg Girard is a leader in the Snohomish County records project and he can justify a cost share. He stated that Snohomish County Sheriff is in a partnership with the city and they want to do all they can to help the city.
  - Other models in the area—Cities of Snohomish, Sultan, and Gold Bar. In those precincts the detectives carry a larger caseload than the detective in Stanwood. The Stanwood detective handles lower level cases whereas Snohomish County detectives do not. Gold Bar Sultan and the county split a detective which is another option for city as long as city knows that the county must find work for the rest of the detective’s time.
  - Sergeant position was not filled until 2005 when the economy improved. Sheriff Trenary advised that the North Precinct Sergeant would need to cover at night and the city would be billed for cost and noted that was the business model Stanwood had with their original contract with Snohoish County Sheriff.
  - Mayor White related that a group on Camano Island is working on a plan to for Stanwood to join with Island County for police services. Sheriff Trenary said that sharing costs with another entity would save the city money.
  - Spread costs over three years ($30,600 per year) using proposed cuts to cover the increase and maintain current levels of service at this time.
5. Utility Rates

Finance Director Greg Thramer told council that if the life of the city’s water system is 30 years then the city needs to generate $1,000,000 each year to replace the system. He said that to extend the life of the system to 50 years by replacing 2 percent of the system annually, the city still needs $600,000 each year. Director Thramer said the proposed water plan would fund an extra $700,000 annually for this purpose and said that the proposed sewer plan would generate $635,000 annually to maintain/replace the sewer system. He explained that choosing a lesser rate increase would give customers a lower rate but would result in reduced funding which would prevent the city from keeping up with repair, maintenance, and replacement expenses. Council discussed the various options. Mayor White requested council to look to the future when deciding this issue.

Community Development Director Rebecca Lind provided a handout to council regarding a proposal concerning the Port Susan Food and Farming Center

Director Lind stated that the $12,000 requested by the Port Susan Food and Farming Center has not been budgeted and it cannot come out of the business license fee increase because that money has been earmarked for other purposes. She said that after discussion with representatives of Port Susan Food and Farming Center an agreement was reached in which the City will provide $3000 per quarter in 2014 if the Port Susan Food and Farming Center meets the city’s performance criteria to ensure that over a two to three year period the Center would become self-sustaining. She noted that this is a conservative amount which is based on additional revenue not accounted for in the budget process. Director Lind said that rather than allocating this amount, the two parties would enter into an agreement that if the sales tax revenue came in higher than budgeted and the city’s criteria is met, the city would support the Port Susan Food and Farming Center at that level. She explained that this is a risk sharing mechanism for the income.

City Administrator Knight said the group came to the city too late in the budget process since it was already known there would be shortages due to the increase in the cost of the police contract. She related that they took the idea of using $15000 from the increase in the business license fees to the citizen’s Economic Development Committee but they were not supportive of that option because they wanted the Center to be self-supporting instead of being underwritten by grants and city funding. City Administrator Knight related that the city looked into potential revenue sources and realized that retail sales tax was up 6% and the city had only budgeted for a 3% increase since that revenue source is unpredictable. She explained that this is a win-win option because the city is supportive of the market but is not cutting into levels of service provided to the community. She explained that the citizens group on the Economic Development Committee wants to use new revenues from the increase in business license fees for special events because the business community believes
special events bring people to the community and improve quality of life and start up costs for special events is a barrier to holding them. City Administrator Knight pointed out that if no one wants to do a special event the money will remain unused.

**Council Discussion**

- Is there a way to track how the market is affecting retailers on marketing days to indicate if those coming to the city for the market are also going to other businesses in Stanwood?
- The Farmers Market is a long term special event which is proving useful to the city and should be supported until it becomes self-sufficient. The market’s 2014 budget graph outlines the steps they are taking to become self-sustaining by 2015:
  - Two year agreement to continue at site rent-free
  - Proposal for how to grow number of booths and increasing revenue from each vendor
- Funding options:
  - Use the increase in the tax revenues for the police contract because with no police there will be no economic development.
  - $1500 grant program for economic development can be used to kick start special events.
  - Flip the options and use the business license fee increase of $12,000 for Port Susan Food and Farming Center and use the increase in sales tax proposal of $3000 a quarter to sponsor events.

Mayor White adjourned the meeting at 7:30 p.m.

**CITY OF STANWOOD**

**ATTEST:**

By _________________________
Dianne White, Mayor

By _________________________
Patricia Myrdal, Deputy Clerk