



Work Session
July 1, 2013

Call to Order / Pledge of Allegiance

Mayor Nehring called the meeting to order at 7:00 p.m. and led those present in the Pledge of Allegiance.

Roll Call

Chief Administrative Officer Hirashima gave the roll call. The following staff and councilmembers were in attendance.

Mayor: Jon Nehring

Council: Steve Muller, Jeff Seibert, Michael Stevens, Rob Toyer, Jeff Vaughan, and Donna Wright

Absent: Kamille Norton

Also Present: Chief Administrative Officer Gloria Hirashima, Finance Director Sandy Langdon, Police Chief Smith, City Attorney Cheryl Beyer, Fire Chief Greg Corn, Assistant Chief Martin McFalls, Public Works Director Kevin Nielsen, Parks and Recreation Director Jim Ballew, Court Administrator Suzanne Elsner, and Recording Secretary Laurie Hugdahl.

Councilmember Seibert stated that the June 24 minutes were on the agenda, but not in the packet. Finance Director Langdon stated that they would be included in the packet next week.

Motion made by Councilmember Seibert, seconded by Councilmember Vaughan, to approve the July 1 agenda. **Motion** passed unanimously (6-0).

Mayor Nehring stated that Councilmember Norton had emailed to say she would be unable to attend tonight.

Motion made by Councilmember Stevens, seconded by Councilmember Wright, to excuse the absence of Councilmember Norton. **Motion** passed unanimously (6-0).

Committee Reports - None

Presentations

A. Fire Service Alternatives.

CAO Hirashima explained that this has been a topic that has come up for a number of years. Tonight there will be a review of all the alternatives available to the Council.

Fire Chief Corn reviewed the historical background of the Marysville Fire District and stated that fire service options include:

- Option 1 – Continue with current arrangement
- Option 2 – Annexation
- Option 3 – City department
- Option 4 – Regional Fire Authority (RFA)

Option 2 - Annexation:

One of the reasons why the fire district was considering annexation was because of declining property values. They saw a 36% reduction in property values since 2009. Other reasons were statutory tax limitations (levy caps) and revenue reductions. The Board of Directors put together a Strategic Financial Committee to look at funding options for the organization moving forward. The committee made a recommendation to make a presentation to the City Council to consider annexation. One of the reasons they were proposing annexation as opposed to Regional Fire Authority is because under annexation method, the fire districts have the authority under law for Maintenance and Operations levies for a up to a four-year period. Passage of M&O Levies requires 60% majority. Passage of annexation requires 50% plus one. On the other hand, a regional fire authority creation requires 60% majority. It is also harder to fund and create a regional fire authority than it is a fire district.

CAO Hirashima reviewed a financial picture that was put together in 2012 and noted the need for more study because there have been some significant changes since the forecasts were made at that time. The situation is potentially different than they anticipated. They found out that the change in assessed value for 2014 taxes is currently estimated at 7.22% for regular levy and 7.13% for EMS resulting in an estimated increase in collections of \$385,000. Chief Corn explained that the taxing districts just received the information from Snohomish County last Thursday. That afternoon there was a meeting of some fire departments. All of them were stunned at the assessed values because not one of them was modeling an assessed value increase for 2014.

Fire Chief Corn explained that annexations are provided for under state law, and it is a fairly common occurrence. Prior to annexation of a city by a fire district, the Boundary Review Board must approve the boundary line adjustment. CAO Hirashima explained that the boundary line adjustment was already processed a few years ago through the

Boundary Review Board. At that time there were no comments, and it appears it will be a peaceful annexation. It would require that the City adopt an ordinance calling for an election within the City and the fire district adopting a resolution calling for an election within the fire district. Then an election would be held, and the measure would then have to pass in both jurisdictions for the annexation to be approved. CAO Hirashima reviewed 2013 election timelines. If Council is interested in moving forward, the February date is probably the soonest realistic election date.

Fire Chief Corn stated that annexation advantages include the levy/funding options (Regular Levy/Lid lifts, EMS Levies/Lid lifts, Maintenance & Operations Levy; and benefits charges); bonding capabilities, no outstanding bonded indebtedness by the Fire District; already approved by the Boundary Review Board for annexation; and streamlined accounting practices for MFD. One of the disadvantages of annexation includes the real or perceived loss of control from the City. As it stands now there are three Council members sitting on the board who have a good deal of participation, direction, and control of the fire department. The presumption could be that if they annex into the fire district, then the fire district commissioners are the elected officials, and they are the ones responsible for the governance of the fire district. Under the GMA it was intended that cities provide urban level services in their boundaries. From that standpoint, it may be uncomfortable for the City to turn that service over to a fire district. He emphasized that lots of cities have already done that. Potential financial impacts to the City as a result of the annexation could be either an advantage or disadvantage. Chief Corn explained that it appeared to be more of a neutral effect on the City in a declining assessed value environment. It might also be a degree of financial liability to the City as assessed values are rising. CAO Hirashima concurred. She added that another disadvantage is that the City has invested in the fire district, so there was some concern that simply turning over the assets would be an impact to the City.

Option 3 - City Department:

CAO Hirashima stated that more study is needed on this topic. CAO Hirashima stated that if they want to look at this option further, staff would recommend hiring a consultant to look at the issue. There is an estimated cost of \$25,000 to \$30,000 to complete that analysis.

Option 4 – Regional Fire Authority (RFA)

Chief Corn explained that the City of Kent and King County Fire District 37 recently created a regional fire authority serving the Kent metropolitan area. Regional fire authorities are very good mechanisms to move forward consolidation of fire departments. It often occurs when there are more than two agencies. Auburn Regional Fire Authority was the City of Auburn, the City of Pacific, and the City of Angola. When you have a RFA you have a little more participatory governance from the city's standpoint, but the operations and funding mechanisms of a regional fire authority are identical to those of a fire district.

CAO Hirashima stated that Arlington has embarked on a study of a regional fire authority. That study is due to be out in the next couple weeks. It will be interesting to see that study when it is complete. She solicited Council input on the options that had been presented.

Questions and Comments:

Councilmember Toyer asked how Option 2 would change the dynamics of the fire department. CAO Hirashima said it would mean that the City would be out of the fire business. Chief Corn said that the fire district wouldn't look any different under an annexation, but some things would change. For instance, the City Council wouldn't have authority over the fire district. That authority would be with the fire district commissioners. He explained that the fire commissioners would be elected representatives who mostly likely would be residents of the City and would have the statutory responsibility to serve the City. Chief Corn noted that the City's current control over the finances of the fire district is pretty limited. By contract the City has to pay at the district's levy rate.

Councilmember Muller asked about the fire district's level of service now. Chief Corn explained they made some cutbacks with the downturn in the economy, but restored those positions through a grant. They used to pay overtime to fully cover staffing needs. One of the things they changed is rather than paying overtime to maintain full staffing at all stations at all times, Fire Station 62 is frequently a cross-staffed station depending on sick leave and disabilities. Chief Corn stated that if the fire district had a source of better, more stable funding they could restore the staffing level and get it back up to dedicated staffing rather than cross-staffing of the units.

Councilmember Seibert referred to a comparative study by population numbers that the committee did on what it costs cities to operate a fire department. CAO Hirashima clarified that no real analysis had been done with that information. She emphasized that it would be something that the City would need to analyze further to do it justice. Every entity is going to be different based on the station, the population, the kind of service desired, etc. If the Council really wants to look at this, staff feels they should have an objective analysis of the information specific to this district.

Councilmember Stevens said he'd like to see what it will take to bring service levels back up to what they had been before and what they project service levels will be in five years with the different options. Chief Corn replied that they can easily model that for the Council. The difficulty they have been having is knowing what to expect with regard to assessed housing values in the upcoming years.

CAO Hirashima commented that there could be some issues with the RFA that could impact the City as far as limitations the City would have. Finance Director Sandy Langdon explained that it would reduce the cap and give the City less flexibility to tax at the maximum allowed in the City because they would be reduced based on the library and fire meeting their caps. Chief Corn said there have been some legislative proposals to make adjustments to that.

Councilmember Toyer expressed an interest in seeing more about the city department model. Sandy Langdon explained that it would take at least 60 days to have an analysis done on that. Mayor Nehring added that there would be an added cost to study that too. Chief Corn noted that the sense of urgency has been diminished because of the news about the assessed values. CAO Hirashima noted that the Council has time to consider all options. She added that it wouldn't make any difference which election in 2014 they scheduled because it wouldn't take effect until 2015. Councilmember Wright stated that, as with any election, she would want to have the citizens be very informed so she would not want to rush into this.

CAO Hirashima suggested that they could get an estimate on a proposal from a consultant on what the cost would be, the information that would need to be collected, and the timeline. Councilmember Muller asked if the consultant could look at all three options. CAO Hirashima indicated that was a possibility, but she suggested looking at the option of doing nothing as well. She stated she would attempt to get an estimate of looking at all four alternatives by the end of July.

Councilmember Seibert asked about recycling some of the information that the committee looked at such as the comparatives with similar-sized cities in order to see what other communities are spending. Finance Director Langdon indicated they could recycle some of that information, but suggested that they also put the number of positions that are included in those numbers. CAO Hirashima noted they should also look at the other departments and the overall funds. She discussed issues with trying to make comparisons with like-sized cities because they often aren't really comparable.

Councilmember Muller asked if the fire district receives any revenues from sales tax revenue. Sandy Langdon said that they do not.

Councilmember Stevens asked if the city department option would require an affirmative vote from the fire district. Chief Corn said that it would not; it is done by the City Council. Councilmember Stevens commented that a benefit of the current arrangement, and potentially the annexation or RFA options, might be the efficiencies that are seen with the management. CAO Hirashima concurred that to do a real analysis they would have to look at the specifics of the entity and all its details.

Councilmember Vaughan asked for more information about how citizens would be able to effect a change in one option versus another if they're not satisfied with something. Chief Corn stated that under an RFA they could set up a new governing body that could be elected or representatives from the agencies that created the RFA. If citizens didn't like the operation of the department, the citizens could vote out the elected officials. When a city annexes into a fire district, after a year if the city council doesn't like the way the fire district is servicing their area, they can put an initiative before their voters to withdraw from the annexation. The fire district commissioners have no say on whether the city puts that issue before the voters. Chief Corn pointed out that it's never been done, but it's good to know there's a mechanism by which a city can withdraw from an annexation.

There was consensus to bring a consultant proposal back by September or October along with the other requested information.

Discussion Items

Approval of Minutes

1. Approval of the June 10, 2013 City Council Meeting Minutes.
2. Approval of the June 24, 2013 City Council Work Session Minutes.

Consent

3. Approval of the June 12, 2013 Claims in the Amount of \$442,139.99; Paid by Check Number's 85114 though 85237 with Check Number's 81673 and 83547 Voided.
4. Approval of the June 19, 2013 Claims in the Amount of \$1,636,843.51; Paid by Check Number's 85238 through 85397 with Check Number's 83553 Voided.
5. Approval of the June 20, 2013 Payroll in the Amount of \$866,484.11; Paid by Check Number's 26697 through 26749.

Review Bids

6. Contract Award – Sunnyside Avenue Water Main Project.

Director Nielsen explained that this is to do 1200 feet of improvement for the PUD transition in 2014. There were no additional questions or comments regarding this item.

7. Contract Award – State Avenue Overlay (92nd St NE to 100th St NE).

The apparent low bidder is Granite Construction for about \$472,000. Most of this (\$432,000) is funded with federal grant money that staff applied for. There were no additional questions or comments regarding this item.

Public Hearings

14. Consider Authorizing the Mayor to Conduct a Public Hearing Regarding the Six-Year Transportation Improvement Program (2014-2019) and, based on Staff Presentation, Public Testimony, and Council Deliberations, Approve a Resolution Adopting a Six-Year Transportation Improvement Plan (will be held on July 8, 2013).

Mayor Nehring explained that a hearing would be held on July 8.

Action Item

8. Consider authorizing the Mayor to sign the Memorandum of Understanding with the Washington Traffic Safety Committee.

Chief Smith explained that this is a renewal of an MOU with the Washington Traffic Safety Committee.

Motion made by Councilmember Wright, seconded by Councilmember Seibert, to waive the normal rules of Work Sessions to vote on this item tonight. **Motion** passed unanimously (6-0).

Motion made by Councilmember Seibert, seconded by Councilmember Toyer, to sign the MOU with the Washington Traffic Safety Committee. **Motion** passed unanimously (6-0).

New Business

9. Consider Approving the Grant Funding Received from Target Blue to Purchase National Night Out Supplies, as Specified by the Grant Requirements.

Chief Smith reported that the Police Department applied for and received a grant from Target in the amount of \$500. They will be using the funding for National Night Out supplies.

10. Consider Approving the Performance Award System for Non-Represented Staff.

CAO Hirashima reviewed this item. She explained that in the 2013 budget process they set aside 2% for the non-represented employees. The idea was to have the 1% salary increase at the beginning of the year and then develop a performance-based merit system to distribute the other 1%. Human Resources and Finance staff have been researching this and have found that not many public sector systems have performance-based systems. Staff is suggesting that all non-represented employees receive a 1% pay increase effective August 1, 2013. The remaining money (approximately .5% of budgeted non-represented salaries) would be approved through a performance award system based on criteria as stated by staff. She acknowledged that this year will be somewhat of an experiment. A heavy evaluation will happen in 2014.

11. Consider Approving the Amended Contract with the Department of Licensing for Access to Internet Query Systems (IHPS).

Suzy Elsner stated that this is an amendment to the contract the Mayor signed in December with regard to the court's access to driving records through the Department of Licensing.

12. Consider Accepting the 10th Street Sidewalk (Beach to Cedar) Project, Starting the 45-Day Lien Filing Period for Project Closeout.

Director Nielsen said that this project looks great. Jeff Laycock was the project manager on this. He also acknowledged Chris Holland for his work with the CDBG process.

13. Consider the Amendment to the Snohomish County Human Services Grant Agreement which Updates the Reporting Procedures for the \$11,000 Grant in Reimbursed Funds for the Salary and Benefits of the Program Clerk Assigned to the Ken Baxter Community Center through 2013.

Parks and Recreation Director Ballew said that this is a housekeeping amendment. Snohomish County Human Services has changed the reporting procedures, and this is an amendment to the existing contract. The grant is used to subsidize one of the employee's salary at the Baxter Building.

15. Consider the Resolution Declaring an Emergency and Waiving the Requirement for Public Bidding for Installation of Water System Pump Controls for Cedarcrest Golf Course.

Director Ballew explained that there was an emergency failure of the golf course irrigation system when the main pump from the irrigation system failed. They were facing dramatic danger to the greens and the turf with no water in the current heat wave. They had to get this installed, and are declaring an emergency in lieu of going out to bid.

Councilmember Seibert asked about keeping a backup or more parts in stock for the future. Director Ballew indicated that would be very expensive, but stated they are looking at options.

Councilmember Vaughan asked about the drill rig he had noticed in the area. Director Nielsen reported that staff punched a well 60-feet deep today that is producing about 100 gallons a minute. Everyone is thrilled.

16. Consider final plat map for Rock Creek North Division 2 Phase 1, generally located east of 83rd Avenue NE within the 7200 Block.

CAO Hirashima reviewed this item. There were no questions or comments.

Legal

Mayor's Business

Mayor Nehring:

- Congratulations to everyone who participated in Relay for Life. Having it at Totem Middle School worked out very well. 50 teams raised about \$120,000.

- John Natterstad, the Employer Support Representative from Guard and Reserve, invited someone from the City to go to Boss Lift on August 28 from 8:30 to 3 at Naval Station Everett. Mayor Nehring requested that any interested Council member should contact him.

Staff Business

Sandy Langdon had no further comments.

Kevin Nielsen:

- He discussed a recent rain event which ended favorably for Public Works.
- They will be paving on July 15 on 51st.
- The letter regarding truck routes went out to businesses; new signs will be going up. People are already using 528 instead of 2nd, and truck traffic is down significantly.
- They had a pre-con to start the decant facility project today.

Chief Smith:

- The fireworks emphasis officially starts tonight, but police have written five fireworks citations already.
- Two lieutenants have been working on a shoplifting reporting system to deal more effectively with the shoplifting issue. This would enable the police to be more proactive.
- Tuesday, August 6 is National Night Out.
- He was informed that the manager of Buffalo Wild Wings would like to speak with Chief Smith and Mayor Nehring about being more involved in the community.
- The NITE team has several warrants coming up.
- Marysville police had a part in the investigation of the drive-by shooting suspect. He commended the major crimes unit in the County for the arrest.

Jim Ballew wished everyone a great 4th of July.

Cheryl Byer had no comments.

Call on Councilmembers

Steve Muller had no comments.

Donna Wright reported that she attended the AWC Conference in Kennewick this last week. She accepted the Wellness City Award for Marysville. She enjoyed the event, and especially enjoyed the networking.

Jeff Seibert asked if police had heard any information about an individual on I-5/Ebey Slough Bridge last week. Chief Smith said they had not heard anything.

Michael Stevens had no comments.

Rob Toyer had no comments.

Jeff Vaughan had no comments.

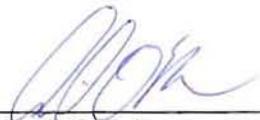
Adjournment

Seeing no further business Mayor Nehring adjourned the meeting at 8:25 p.m.

Approved this 22 day of July, 2013.



Mayor
Jon Nehring



April O'Brien
Deputy City Clerk