

December 2, 2002 Marysville City Council Work Session 7:00 p.m. Public Safety Center 000169

Call to Order/ Pledge of Allegiance

Mayor Weiser called the December 2, 2002 Work Session of the City Council to order at 7:00 p.m. and led the assembly in the Pledge of Allegiance.

Invocation

There was no invocation.

Roll Call

Mary Swenson called the roll:

Council: Mayor David Weiser, Mayor Pro Tem Mike Leighan, Councilmembers Jeff Seibert, Donna Wright, Suzanne Smith, John Soriano, Lisa Vares, and Jon Nehring.

Staff: Jim Ballew, Parks and Recreation Director; Gloria Hirashima, Community Development Director; Ralph Krusey, Police Commander; Sandy Langdon, Finance Director; Jim Owens, Public Works Director; Bill Spies, Fleet and Facilities Manager; Mary Swenson, Chief Administrative Officer; Grant Weed, City Attorney; and Greg Young, Grants Administrator.

Mayor Weiser announced there would be an Executive Session after the Work Session to discuss two personnel issues.

Committee Reports

Mayor Weiser asked if there were any committee reports. There were none.

Discussion Items

A. Proposed Admissions Tax.

City Attorney Grant Weed presented a draft of an ordinance imposing an admissions tax. He reviewed the State requirements for setting an admissions tax. The draft included all types of activities that could be subject to the tax. The scope of types of activities could be limited if desired. He noted that if Council decided to pursue this they would need to decide the rate of the tax. The maximum allowed by law is 5%. Another issue that would need to be decided would be the type of penalties applied to late payments (the draft says 10%). Mr. Weed suggested that the City conduct an audit

of potential revenues at a variety of rates. Finance Director Sandy Langdon, indicated that she has begun to do this for the golf course, cinema and the skate rink.

Councilmember Jeff Seibert asked about the term "subscriptions". Mr. Weed said the statute did not define this. Councilmember Lisa Vares suggested that it could mean subscriptions to fine arts type venues.

Mayor Weiser referred to Page 1, No. 3 of the Ordinance: "A charge made for food and refreshments in any place where any free entertainment, recreation or amusement is provided." He wondered if this would apply to places that allow table space for card playing or games. Mr. Weed thought that it probably would.

Councilmember Seibert asked why any Councilmembers would not be in support of the admissions tax. Councilmember Mike Leighan replied that cities that have implemented this tax have had it be extremely unpopular.

Councilmember Soriano also had concerns about No. 3 (noted above) especially as it might apply to sports bars and other free entertainment. There was general discussion about how this tax could be applied to different types of businesses. City Attorney Weed said he could look into the history of this statute to see what this meant.

Councilmember Donna Wright said she had envisioned a much narrower scope of an admissions tax when she had proposed it such as ticket sales (not Nos. 2 and 3 on the Ordinance). She indicated she felt it would be prudent for the city to prepare in advance for amusement companies that might move into the area.

Councilmember Suzanne Smith referred to No. 4 that discusses "the rental or use of equipment or facilities". She wondered if this would refer to the Ken Baxter Senior Center. Ms. Smith agreed that if a larger facility came into the area it would be good to have this type of tax established in advance.

Councilmember Jon Nehring noted that if an amusement place is researching places to come this might be a negative aspect.

Matthew Gardner and Jerry Johnson of Gardner Johnson were asked for their opinion regarding this type of tax. They did not think it was a good idea for several reasons:

- It would be difficult for sorting out exactly how to collect the tax.
- The city needs to stay competitive with neighboring communities.
- Historically business owners are the ones who really pay in order to be competitive.

Mary Swenson, Chief Administrative Officer thought it would be a good idea to check to see what surrounding jurisdictions are doing and, if they have the tax, what their rates and revenues are.

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Councilmember Vares indicated she was not in favor of this tax. One of her concerns was negative publicity for Marysville. Also, the Economic Survey showed that wages are lower in Marysville than other areas. This means residents have lower optional discretionary spending levels.

Councilmember Wright said she felt that since it was discretionary spending the people could choose whether or not they wished to spend the money (unlike a utilities tax).

Councilmember Nehring worried about the effect it would have on businesses. It was possible the tax would not bring in revenue because it could drive people away.

Councilmember Leighan commented that if the kids couldn't afford to be at the movies or the bowling alley he wondered where they would go.

Mayor Weiser asked what the Council's next step should be.

Councilmember Smith said she would not be voting in favor of this because she felt it would be a detriment in the long run.

Ms. Swenson asked if any additional information was needed. She said it would be brought forward Monday. There were no requests for additional information.

Consent Agenda Items

- A. Approval of December 9, 2002 Claims.**
- B. Approval of November, 2002 Payroll.**
- C. Approval of Liquor License Renewals for Circle K #8878; Pearl Garden; and Jackpot Foodmart #160.**

There were no comments or questions on the above items.

- D. Approval of Professional Services Agreement for Consulting & Inspection Services; Wetherholt & Associates.**

Councilmember Seibert asked if this type of inspection had been done before in the city. Bill Spies, Fleet and Facilities Manager, said he was only familiar with this particular roofing project. Mr. Seibert asked if the inspection was necessary in order to receive the warranty. Mr. Spies replied that they could still do the warranty, but his concern was that the project would be subject to question if there were any issues in the future. Mr. Seibert wondered if the contractor guaranteed his work. Mr. Spies replied that the contractor guaranteed his work, but the product needs to be guaranteed by the company.

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Councilmember Vares asked if this was a new type of roofing material or a new system. Mr. Spies replied that it was not a new system. He noted that the bidder is well respected and that he had to request approval of the manufacturer in order to install the product. He clarified that the warranty would be for ten years.

Councilmember Smith asked what kind of roof this was. He explained that it was an asphalt roof that covered a small area, but that it had 8 large HVAC units and a high potential for leaking. City Attorney Weed commented that his office has used the Wetherholt & Associates as an expert witness in the past. He believed they were very capable, had high standards and an extraordinary level of expertise in roofing systems.

Councilmember Seibert asked if the warranty would cover replacing the HVAC units if that was an issue. Mr. Spies replied that it would and that the warranty had a no-dollar limit to repairing the problem.

There was no further discussion of this issue.

Review Bids

A. Ballenger Property Improvement Project.

Mayor Weiser explained that Mr. Ballenger has negotiated a contract with the city. Mr. Owens continued that this is the last item in the puzzle that needs to be done. WSDOT has asked for more information in order to pay. They are working on obtaining that information from the contractor.

Councilmember Smith asked if the other properties would be negotiating some type of agreement. Mayor Weiser replied that some of that work has started (lighting in the alley, speed bumps, etc.).

Councilmember Leighan wanted to know if WSDOT was paying for it all. Mr. Owens clarified that \$2,000 was coming from the city to cover the fence. WSDOT was paying the rest. Mr. Owens further explained that this was the last WSDOT action item agreed to for the Letter of Understanding. WSDOT had asked the contractor for a more detailed breakdown of the contractor's proposal.

Mayor Weiser asked if there were any further comments or questions. There were none.

New Business

A. Gardner Johnson Economic Development Plan.

Matthew Gardner and Jerry Johnson were present to answer questions Council might have about the report. Mr. Johnson first of all thanked Council, and especially Greg Young, Grants Administrator and Mary Swenson, Chief Administrative Officer, for

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their assistance. He mentioned he had reviewed the Executive Summary that Mr. Young had prepared and felt the synopsis was very good. He wanted to be available for questions specifically concerning the initiatives that were recommended to the city. Mr. Gardner encouraged the Council to reconsider imposing a tax when considerable "leakages" already exist.

Mr. Jerry Johnson added that Marysville is similar to many other bedroom communities who are trying to retain and attract businesses in a competitive environment. Marginal changes such as the admissions tax issue could be critical.

Ms. Swenson said that they had invited Gardner Johnson to review the results with Council, but also to help decide where to go next. She felt that the MERC Committee needs to be involved and now would be a good time for Council to give direction and focus to that committee. She believes the full Council needs to meet with the MERC Committee. Councilmember Smith agreed that would be a good idea and commented that it would likely be an intense and lengthy meeting. Ms. Swenson commented that the MERC Committee is already scheduled to meet Wednesday morning to discuss the report. She recommended that Gardner Johnson be in attendance.

Councilmember Smith asked the question: "Where do we begin?" Mr. Johnson clarified that his company tries to inform the policy, not set the policy. The first thing he mentioned was in reference to Strategic Direction No. 1 – Foster Community Collaboration and Leadership. He said that the city needed to set up a local administrative body and that grant writing would be a very important aspect of this. He noted that the sequencing of the projects tends to become driven by the available financing.

Mr. Gardner mentioned that citizens didn't believe anything would happen as a result of this survey. It is extremely important to begin to take steps to improve the lack of trust and the apathy of the citizenry. Ms. Swenson echoed that the city needs to act on this plan. Councilmember Smith commented that this plan is more general than others that have been prescribed in the past and it would be easier to implement parts of it.

Mayor Weiser asked how important it would be to involve businesses and property owners in this. Mr. Gardner believed it was extraordinarily important. The city needs to retain existing businesses in order to attract new businesses. Right now they don't believe anything will happen.

Mr. Johnson added that the focus groups gave the impression of an adversarial relationship between businesses and the city. He also mentioned that a common problem with focus groups is that the very vocal groups are the ones who show up and they are not necessarily indicative of the majority. He suggested doing a poll on the website to get a more accurate distribution of opinions. Ways to limit and filter those who could participate were discussed.

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Mr. Gardner stressed the importance of trying to get additional feedback from the community. He believes that apathy will continue until changes are made.

Mr. Gardner described one of the issues which business owners are frustrated with as the permitting process for expanding businesses. Ms. Swenson agreed that many businesses felt the permit and mitigation fees were too high. She wondered if the city was prohibiting expansion.

Mr. Gardner and Mr. Johnson both discussed permit streamlining. They believed the price was not so much an issue as the drawn-out process. Mr. Johnson said that certainty and timeline are even more important to citizens than the cost of fees. Streamlining the permitting process would be extremely helpful and would not necessarily result in revenue reduction.

Councilmember Seibert asked about any other complaints that business owners had. Mr. Gardner indicated that simplification of the permitting process was the main one, but other issues included:

- improving traffic flow
- road conditions
- coordination and consistency between city departments

Mr. Gardner referred to pages 150-151 for summaries of business owners' needs.

Gloria Hirashima, Community Development Director, added that some of these things have been in process over the last year, especially the consolidating of city departments in the permitting process. Mr. Gardner stated that citizens were aware of this, but they see a need for it to continue and expand.

Councilmember Soriano asked about the suggestion to implement a revolving loan fund. He wondered where the capital would come from. Mr. Johnson suggested that the city could work as a conduit through the State's revolving loan fund. Façade improvement was the main issue addressed in regard to the revolving loan fund. Mr. Johnson explained that many cities offer design services to help with consistency and aesthetics among the businesses.

Referring to the revolving loan fund, Mr. Young described the Community Development Block Grant (CDBG) that offers loans for the purpose of encouraging businesses who might hire lower income people. EDA (Economic Development Association) also has funds that can be used. He also suggested forming a Public Benefit District, which would offer funds on a matched basis to businesses. He concluded by saying that the most difficult thing is to find the right program. There are many opportunities to take advantage of various funds.

Mr. Gardner added that the percentage of SBA loans to Marysville is lower than to other areas. Councilmember Smith suggested the City help make the process easier for those applying.

Councilmember Nehring asked about attracting businesses, such as mid-level restaurants, to come to Marysville. Mr. Johnson suggested assembling a demographic development package with competitive information to hook businesses into the city. This could be made available to those businesses that are looking into Marysville and those the city would like to encourage. A package such as this will do a lot of the groundwork that businesses need to do when considering a location. Mr. Gardner added that two things the City could promote were limited competition and opportunities for businesses to expand.

Councilmember Nehring asked what type of working relationship the city ought to have with the Tulalip Tribes. Mr. Gardner suggested utilizing collaborative ways to attract businesses that will benefit one another. He said that symbiosis could be achieved. The situation right now is a substantial sales tax leakage. Mr. Johnson said it was possible that they might act like a shopping center developer in that they (the Tribes) may limit certain types of businesses that may be available. Therefore if they have a Wal-Mart, it is possible they won't allow a Fred Meyer to move in, etc. This could be a great opportunity for the city. Mr. Young emphasized that it could be as simple as running a shuttle bus to the city's golf course to benefit from their crowds.

Councilmember Nehring concluded his questions by asking about Gardner Johnson's recommendation to expedite the State Avenue and Waterfront Park projects. He asked if they had any suggestions for how to go about that. Mr. Johnson said that citizens had expressed interest in that, but that his firm did not have any engineering solutions to offer in that regard.

Councilmember Smith asked if the city has solicited input from developers to determine how to streamline the process. Ms. Hirashima said that they have obtained some of that information and that the city would get back to them when it had the solutions.

Councilmember Smith also inquired about the contents of the demographic packages. Mr. Gardner explained that it would contain an extrapolation of census data. He noted that there are companies that provide the data and help prepare the packages. Ms. Hirashima indicated that the Housing Department does this to some degree.

Mr. Johnson stated that different retailers have different demographic draws. They would need to look at areas outside of Marysville because they will plan on drawing from outside the city limits (i.e. – collect data within a 3-mile radius, a 5-mile radius).

Mr. Johnson explained that casinos in Oregon did not face the same issues because there is no sales tax. Also, historically they have been in far more rural area where they don't impact cities as much.

Mayor Weiser thanked Mr. Gardner and Mr. Johnson for coming.

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B. Caretaker Agreement for Jennings Memorial and Nature Parks.

There were no comments or questions.

C. 2002 Local Law Enforcement Block Grant (LLEBG).

There were no comments or questions.

D. Amendment to Yakima County Jail Agreement.

Councilmember Smith asked if this expense was anticipated in the 2003 budget. Commander Ralph Krusey said that it was. He also stated that this was the cheapest option and that Chelan had no space.

There were no further comments or questions.

E. Amendment to M.M.C. 11.62.010 Relating to the Definition of "Truck" for Purposes of Establishing Truck Routes.

Ms. Swenson explained this was in response to several citizens who came to Council with an issue regarding a bus being parked in a neighborhood. City Attorney Weed commented that as long as the bus was traveling to conduct its business it was okay to go off truck routes. The city needed to define "truck" in order to solve this particular issue. Commander Krusey added that this would not apply to high-end buses such as RV's.

F. Harbor Winds Rezone/Preliminary Plat; PA0009038.

Councilmember Seibert wondered about the change in requirements of conditions for this project. Condition 4, Page 9 says, "Prior to preliminary plat approval, the applicant shall provide a detailed analysis". He wondered why this had not been consistently required. Ms. Hirashima said she would look into the matter.

G. Architectural Services for City Facilities; Dykeman Architects.

Councilmember Leighan noted that extra was paid to Dykeman because of preliminary designs and layouts. He thought that a company who laid out cubicles would come in to design that. Ms. Swenson replied that there would still be some remodeling needs, especially regarding the downstairs walls.

Councilmember Smith asked if any of the construction could be done in-house. Ms. Swenson explained that it would depend on the type of construction and the dollar amount. The city only has two maintenance employees so it would take a fair amount of time to complete. There are also dollar limits to what City employees can do. She said that they are focusing on minimal cost improvements and trying to do as much internally as possible.

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There were no further comments or questions.

H. WSDOT General Contract Authorization for Ballenger Property.

There were no comments or questions.

I. 2002 Budget Amendments.

Sandy Langdon, Finance Director, distributed copies of the Budget Amendments for 2002. Ms. Langdon reviewed the list item by item and gave a description of each. She then explained the 2002 Budget status.

Legal

A. Recovery Contract for Sewer; City of Marysville.

Councilmember Seibert had questions regarding how it was determined which lots benefited and which ones didn't, about the breakdown of the properties, and about where the costs of striping would come from. He also asked about the differences in amounts between the recovery and costs. Ms. Hirashima stated that she would look into the issue.

Ordinances & Resolutions

- A. An Ordinance of the City of Marysville, Washington Amending Marysville Municipal Code Section 11.62.010 Relating to the Definition of "Truck" for Purposes of Establishing Truck Routes.**
- B. An Ordinance of the City of Marysville Affirming the Decision of the Hearing Examiner and Rezoning Property Owned by David Ross and Amending the Official Zoning Map of the City.**
- C. An Ordinance of the City of Marysville Amending the 2002 Budget and Providing for the Increase of Certain Expenditure Items as Budgeted for in 2002.**
- D. An Ordinance of the City of Marysville, Washington, Imposing an Admissions Tax in the City; and Adding a New Chapter 3.86 to the Marysville City Code.**
- E. An Ordinance of the City of Marysville Amending Ordinance No. 2454, Section 1 and Section 2, Relating to Levying Taxes upon All Property Real, Personal, and Utility Subject to Taxation within the Corporate Limits to the City of Marysville, Washington for the Year 2003.**

Information Items

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Mayor's Business

Staff Business

Mary Swenson reminded Council that the next meeting would be the last one for the year. As such there would be contracts that are regularly renewed on the agenda for next week.

Call on Councilmembers

Lisa Vares discussed an article she had from the Everett Herald regarding the streamlining process that Gardner Johnson alluded to. She said there would be an informational meeting in Everett on December 9 and in Bothell on December 19th.

Donna Wright distributed information showing who was attending the NLC meetings.

There was a **Motion** by Councilmember Nehring, second by Councilmember Smith to extend the Work Session to 10:00 p.m. for the purpose of an Executive Session. **Motion** approved 6-1 with Councilmember Leighan opposed.

Adjournment

Mayor Weiser adjourned the meeting into Executive Session at 9:25 p.m.

Executive Session

Council convened into Executive Session to discuss two personnel matters at 9:30 p.m.

Adjournment

Council reconvened into regular session at 10:20 p.m. and adjourned with no further action taken.

Approved this 9th day of December, 2002.

<u>David Weiser</u>	<u>Perry Becker</u>	<u>Lamin Hugdahl</u>
Mayor	City Clerk	Recording Secretary