

Oak Harbor City Council
Workshop Meeting Minutes
September 28, 2022

CALL TO ORDER

Mayor Severns called the meeting to order at 2:00 p.m.

This was both a physical meeting location and a virtual meeting The meeting was viewable via YouTube following the end of the meeting at www.youtube.com/cityofoakharbor or could be viewed on Channel 10/HD 1090. Public Comments are not normally taken or included for Council Workshops

ROLL CALL

City Council Present:

Mayor Robert Severns
Mayor Pro Tem Tara Hizon
Councilmember Beth Munns
Councilmember Jim Woessner
Councilmember Bryan Stucky
Councilmember Shane Hoffmire
Councilmember Dan Evans
Councilmember Eric Marshall - absent

Staff Present: Videoconference

City Administrator Blaine Oborn
Finance Director David Goldman
Public Works Director Steve Schuller
City Engineer Alex Warner
Fire Chief Ray Merrill
Deputy Fire Chief Mike Buxton
Police Chief Dresker
Harbormaster Chris Sublet
Finance & Performance Analyst Chas Webster
Communications & IT Manager Sabrina Combs
City Administrator Executive Assistant Macalle Finkle
City Clerk Julie Nester

Also in attendance: City Attorney
Hillary J. Evans of Kenyon Disend, PLLC

MAYOR

Mayor Severns called the workshop to order and welcomed those in attendance. He noted that consultants and some members of staff were participating virtually. Mayor Severns reported that Councilmember Woessner would be arriving as much as one half hour late and that Councilmember Marshall was excused.

COMMUNITY PARTNER PRESENTATIONS

- a. Rotary Club of Oak Harbor – Windmill Presentation

Mr. Brian Jones of the Rotary Club of Oak Harbor provided a detailed presentation regarding the Club's efforts for a new windmill structure in Windjammer Park. Mr. Jones praised the partnership between the Rotary Club and City Staff and with the citizens of Oak Harbor. He reviewed the project goals: To provide a landmark to the history and identity of the City of Oak Harbor; to provide a space that the citizens of Oak Harbor and surrounding communities can use to make memories; to drive tourism through unique architecture and experiences; and to represent the desire of the people in the community. Mr. Jones noted team members on the windmill project include:

Councilmember Jim Woessner
Councilmember Eric Marshall
P&L COO Ryan Wallin
Former Councilmember Bill Larsen
Business Owner Aaron Syring
Rotary Past President Brian Jones
The Rotary Club of Oak Harbor
City of Oak Harbor Staff
Public Opinion
Island County Staff
Leaders from the community
Businesses from the community
The Mayor's Office

Mr. Jones reviewed the Rotary Club of Oak Harbor's commitment to the windmill project as well as proposed location, work accomplished so far, and structural details. The committee is working on material quotes, permitting, and fundraising, including the inclusion of donor tiles around the base of the windmill garden area. He noted the community can follow the progress at the project website, OHWindmill.com

Councilmembers Munns, Hoffmire, Stucky and Mayor Pro Tem Hizon provided their respective questions and comments. Mayor Severns noted Councilmember Marshall had sent an email to state that he "100% support the Windmill replacement project."

FINANCE

a. Public Hearing: Revenue Sources and Property Taxes for the Upcoming 2023-2024 Biennial Budget

Finance Director Goldman presented the first of three required presentations for the 2023-2024 Biennial Budget per RCW 84.55.120. The presentation explained City revenues, sources, and projections for future revenues. Director Goldman reviewed all revenues per fund, noting 2019-2021 Actual revenues, 2022 projected revenues, and 2023-2024 preliminary revenues.

Director Goldman further reviewed and explained revenue sources and categories by type, including: Excise Taxes; Grants, CARES funding and ARPA funding; Interfund Allocations; and Miscellaneous revenues not contained in other categories; Property Taxes, Sales Tax; Transfers In; Utility Revenues; Utility Taxes and Franchise Fees.

The next presentation and discussion of the budget will be regarding setting property taxes. That will take place at the November 15, 2022 Council meeting

Mayor Severns opened the public hearing. He confirmed that no comments had been submitted from the public and opened the floor for any members of the public who wished to speak. Hearing no one, the public hearing was closed. Mayor Severns requested any comments from the Council.

Councilmembers Munns, Stucky Hoffmire, and Woessner provided their respective questions and comments.

PUBLIC WORKS

a. Utility Rate Study System Development Charges Adjustments

Finance Director David Goldman introduced consultant Chris Gonzalez, Senior Project Manager of the FCS Group and provided the presentation.

FCS analyzed financial and business data to develop/update: 1) rate revenue requirements and 2) System Development Charges (SDCs) and presented their initial findings to City Council at the August 24, 2022 Council Workshop. Based on the direction received, staff scheduled the adoption of the rates for the City's utilities for the years 2023 through 2025 for the September 20, 2022 City Council regular meeting at which the new rates were approved. Mr. Gonzalez explained the SDC is a connection charge that:

- Is imposed on development to recover an equitable share of system costs
- Is based on the cost of existing assets and future capital projects
- Provides a source of funding for capital projects and / or debt service

SDC's contribute to the cost of the City's utility infrastructure. The calculation methodology is the cost of the existing asset (system), plus future capital project cost, divided by the existing Equivalent Residential Units (ERU) and future growth to develop the total cost.

Mr. Gonzalez reviewed the SDC Survey for a ¾" Single-Family Meter for water, sewer, and storm drain fees with those of other cities of similar size. He noted some of the comparable examples, like the City of Marysville, had not updated charges for ten years. He reviewed SDC phasing options including establishment of a storm drain SDC to recover an equitable share of costs from growth. Phasing the increases in can help balance the impacts to development and existing ratepayers.

Public Works Director Steve Schuller shared his perspective on the long-term issue and challenges facing both Oak Harbor and the nation regarding infrastructure funding. The Council discussed the options for how best to address the SDC charges.

Councilmembers Hoffmire, Woessner, Munns, Evans, Stucky and Mayor Pro Tem Hizon provided their respective questions and comments.

The Council requested staff and the consultant review additional metrics and bring these back to the Council at a later date for further review.

BREAK

Mayor Severns called for a five-minute break between 4:00 and 4:05 pm. The meeting was called back to order by Mayor Severns at 4:07 pm.

ADMINISTRATION

a. City of Oak Harbor: Financial Primer, Part 2

Finance Director Goldman provided the next in a series of reports to the Council regarding the financial uses and requirements of the City, focusing on expense categories and details of where

all costs are charged. The City's major expense categories are:

- Personnel – 28%
- Operating & Maintenance – 59%
- Capital Outlay – 1%
- Transfers between funds– 12%

Director Goldman reviewed each expenses area within these categories and responded to questions from the Council.

Councilmembers Woessner and Hoffmire provided their respective questions and comments.

b. City Administrator's Report

City Administrator Oborn provided highlights of his monthly report to Council:

- Ongoing work on the 1081 and 1091 Pioneer Way property purchase, coordinating with Public Works Director on environmental study.
- Compilation of Council Goals/Priorities – the Top Ten will be reviewed at the October 4th meeting.
- Met with representatives from the Sno-Isles Library and Skagit Valley College on September 6 to discuss the City of Oak Harbor divesting ownership of the Oak Harbor Library facility.
- Conducted first and second round interviews for the Parks and Recreation Director position. 4 of 7 councilmembers have signed up to participate in the final interviews. Please RSVP to the Human Resources Department.
- Boat Yard purchase – ongoing with some positive progress
- Participated in the August 24, 2022 Public Safety Problems working group, including representatives of Island County and the Port of Coupeville regarding the Airport
- Police Department – responding to several major incidents over the past month
- Traffic Calming – Public Works and the Police Department are partnering on solutions with a report targeted for the October 26, 2022 Council Workshop
- Development Services LAMA reports are available online
- The new City website has launched – great work by Communications/IT Manager Combs and staff in bringing this needed update. Manager Combs
- An Economic Development Specialist position will be included for consideration of the October 4, 2022 Council agenda.

Councilmembers Munns, Stucky and Hoffmire provided their respective questions and comments.

CITY COUNCIL

a. Council Comments

Councilmembers Munns, Stucky and Hoffmire congratulated Communications/IT Manager Combs on her acceptance for enrollment in the Northwest Women's Leadership Academy for Fall/Winter session.

ADJOURN

Hearing no other discussions. Mayor Severns adjourned the workshop at 4:43 p.m.

Certified by Julie Nester, City Clerk