

Oak Harbor City Council  
Workshop Meeting Minutes  
October 26, 2022

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**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](http://www.youtube.com/cityofoakharbor) or could be viewed live 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 - absent  
Councilmember Jim Woessner  
Councilmember Bryan Stucky  
Councilmember Shane Hoffmire  
Councilmember Dan Evans  
Councilmember Eric Marshall

Staff Present: Videoconference

City Administrator Blaine Oborn  
Finance Director David Goldman  
Development Services Director David Kuhl  
Public Works Director Steve Schuller  
Principal Planner Cac Kamak  
Fire Chief Ray Merrill  
Police Chief Dresker  
Archeologist & Project Manager Gideon Cauffman  
Human Resources Manager Emma House  
Senior Services Administrator Liz Lange  
Harbormaster Chris Sublet  
Central Services Supervisor Sandra Place  
Grants Administrator Wendy Horn  
Finance & Performance Analyst Chas Webster  
Accountant Heidi Childs  
Accountant Adrian Gonzales  
Accountant Cindy Bravo  
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

some members of staff were participating virtually.

## FINANCE

### a. Mayor's Preliminary 2023-2024 Biennial Budget Presentation

Mayor Severns introduced the presentation of the Preliminary Biennial Budget for 2023-2024. He noted there would be information provided by the City Administrator, Finance Director, and staff regarding the Development Services, Human Resources, Public Works and Parks and Recreation, including the Marina and Senior Services budgets.

Mayor Severns noted the November 1, 2022 meeting would include additional Public Safety presentations from the Police and Fire Chiefs. He thanked the Finance team for putting the preliminary budget together while working on the state audit and normal operations they are responsible for addressing every day.

The two-year budget is based on the objective of providing City services as we recover from the COVID pandemic, continuing to work towards employee morale with programs and services that show how much we value our employees. Additionally, City Administration is working to balance the budget and adding to City overall fund balance by creating capital project funding with a focus on identifying grant opportunities to decrease cost impacts to residents and providing a reduction in utility rates to benefit our rate payers.

Mayor Severns encouraged the community to review the preliminary budget on the City's website. Budget public hearings will be held on November 15, 2022 at 6 pm and November 30, 2022, at 2 pm. The public can submit comments at [www.oakharbor.gov/publiccomment](http://www.oakharbor.gov/publiccomment).

City Administrator Blaine Oborn presented budget highlights outlining the areas of:

- Economic Development & Downtown Revitalization
- Utility Infrastructure
- Parks and Recreation
- Utility Rates
- City Employees
- Fire Bond and Levy
- Personnel –No overall increase.

General Fund Revenues –2023 -3.2%, 2024 -2.5%

- Property Tax –1% increase recommendation. Fire levy not included pending General Election results.
- Sales Tax –Economic uncertainty.
- Utility Taxes –Conservative outlook.
- Other –Interest earnings expected to be strong.

Special Revenue Funds

- Transportation
- MVFT and CAPTON not keeping pace with inflation.
- 2% TBD focused on TBD projects.
- Creative Arts – some operating items included.
- Civic Improvements (2% Lodging Tax) – revenues approximately 300K per year.
- Senior Services - General Fund subsidy holding steady.

Debt Service Funds – Debt payments fully funded.

REET – Conservative outlook.

Utility Funds – Revenues based on recently approved rates. SDC increases not included in budget pending further discussion.

Marina Fund

- Revenues programmed to increase 3% per year.
- Continuing to expeditiously retire refunded debt.

Internal Service Funds – Continue normal operations.

City Administrator Oborn called upon Finance Director Goldman who presented the following:

Mayor’s Budget Message

Council Priorities / Goals

2023-2024 Preliminary Budget Highlights

City of Oak Harbor Organizational Structure

Comprehensive Financial Policies:

- General Financial Goals
- Operating Budget Policies
- Revenue Policies
- Expenditure Policies
- Reserve Policies
- Performance Measurement Policies
- Investment Policy
- Special Revenue Policies
- Accounting, Financial Reporting and Auditing Policies

City’s Financial Structure:

- Governmental Funds
- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Proprietary Funds
- Enterprise Funds
- Internal Service Funds

Director Goldman reviewed the budget process undertaken by staff beginning with the Base Budget and including decision packages, personnel requests and the capital projects process. He reviewed decision packaged items by funding source for 2023 and 2024. Director Goldman also reviewed the budget calendar, which included:

Council Retreat - Priorities/Goals and Draft Budget Calendar	3/31/2022
City Council Meeting: FCS Group, Inc. Adoption of 2023-2025 Utility Rates	9/20/2022
City Council Workshop: Revenue Projections Public Hearing [RCW 84.55.120]	9/28/2022

City Council Workshop: Presentation of Mayor's Preliminary Budget. Department presentations (Administration, Legal, Human Resources, Finance, Development Services, Parks & Recreation, and Public Works).

Presentation of the 2023-2028 Capital Improvements Plan (by Development Services). 10/26/2022

City Council Meeting: Additional Department presentations (continue from last meeting, Police, and Fire) 11/1/2022

City Clerk Publishes Notice of Preliminary Budget once a week for two weeks and designating the date, time, and place of the final budget adoption hearing [RCW 35A.34.100] 11/2/2022

City Council Meeting: Public Hearing to Set Property Tax Levies [RCW 84.52.020 and RCW 84.52.070] & Public Hearing on Preliminary Budget 11/15/2022

City Council Meeting: Public Hearing to Adopt the Final Budget via Ordinance (Required on or Before First Monday in December [as defined by RCW 35A.33.070]; Adoption of Budget; Also see RCW 35A.34.110) 11/30/2022

Director Goldman reviewed the 2023-2024 Biennial Budget funding categories by percentage and reviewed all funds' revenue sources and trends by category and expenditures by department and trends by category.

The City has 170.06 Full-Time Equivalent employee positions for 2022, which decreases slightly to 168.71 in 2023 and 169.11 in 2024.

The complete Preliminary 2023-2024 Biennial Budget can be found on the City's website.

City Administrator Oborn was joined by department heads and managers in reviewing budget presentations for each of the following:

- Mayor/Executive Administration – Administrator Oborn
- Human Resources – Manager House
- Finance – Director Goldman
- Development Services – Director Kuhl
- Parks & Recreation (including Operations, Senior Services, and Marina) Administrator Oborn, Administrator Lange, and Harbormaster Sublet
- Public Works – Director Schuller
  - Creative Arts Funds – Archeologist / Project Manager Cauffman

Public Safety presentations for Fire and Police will be included in the November 1, 2022 Council meeting.

Councilmembers Woessner and Hoffmire provided their respective questions and comments. In response to questions from the Council, Director Goldman and Director Schuller reiterated that Transportation Benefit District Funds (TBD) are used only for local streets and not for other projects. Both departments provide a report on TBD funded projects to Council annually, as required by Council.

## **BREAK**

Mayor Severns called for a short break between 3:42 and 3:48 p.m. The meeting was called back to order by Mayor Severns at 3:49 p.m.

## **DEVELOPMENT SERVICES**

### a. 2022 Comprehensive Plan Amendments / Capital Improvement Plan

Principal Planner Kamak provided the presentation, reviewing the 2022 Comprehensive Plan Amendments and the Capital Improvements Plan for 2023-2028. Included were

Capital Facility: Items of \$50,000 or more that require an expenditure of public funds and have a life expectancy of 20 years.

Capital Maintenance: Items of \$50,000 or more that require an expenditure of public funds and have a life expectancy of 10 years.

Planner Kamak reviewed the following tables in the budget, highlighting items in:

Table 4.3 Streets (Non-Enterprise Funded)

Table 4.4 Parks and Recreation (Non-Enterprise Funded)

Table 4.5 Wastewater System (Enterprise Funded)

Table 4.6 Water System (Enterprise Funded)

Table 4.7 Stormwater System (Enterprise Funded)

Table 4.8 General Government

Table 4.9 Marina (Enterprise Funded) and Senior Center

There were no questions or comments from members of the Council.

## **ADMINISTRATION**

### a. City Administrator's Report

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

- Legislative Outreach – The City is seeking grant funding or forgiveness for debt relief for the Clean Water Facility and has advocated at both the Federal and State levels.
- Development Services and Public Works – Department Heads Kuhl and Schuller have made considerable strides in turning around a lack of past coordination that was noted in the 2019 Kaizen training by the State Auditor's Office. The Auditor imparted the cooperation evident now to both the Mayor and to Human Resources.
- Human Resources – The City will hold its annual All-Hands meeting on Thursday, November 3, 2022 from 11:00 – 1:00 p.m. Councilmembers are invited to attend. The City Clerk will issue a notice of attendance for the Council.
- Parks & Recreation Director Brian Smith begins at the City on November 30, 2022. All are looking forward to working with him.

There were no questions or comments from members of the Council.

## **CITY COUNCIL**

### a. Council Comments

No members of Council had any additional comments.

## **ADJOURN**

Hearing no other discussions. Mayor Severns thanked staff for their work and cooperation in the preparation of the Preliminary Budget. He adjourned the workshop at 4:04 p.m.

Certified by Julie Nester, City Clerk