

## *Town of La Conner*

Town Council Special Meeting  
October 25, 2016, 5:00 – 6:00 p.m.  
Lower Maple Center

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Mayor Hayes called the special meeting of the La Conner Town Council to order at 5:00 p.m.  
Present: Councilmembers Brunisholz, Leaver, Stokes, Chamberlain, and Bruch.  
Also Present: Administrator Doyle and Finance Director DeGoede.

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Finance Director DeGoede opened the meeting for review of the Public Art Fund, the Fire Department budget and the General Fund.

Public Art Fund: The main expenditures are the Art's Alive Event at approximately \$18,000 and the contracted event coordinator at \$6,672 per year. The Sculpture Walk is every other year. There were discussions on Art's Alive not breaking even in expenditures versus revenues, and the possibility of Friends of the Library taking over and it becoming a biannual event. Mayor Hayes stated originally Art's Alive was a private show within businesses consisting of an art walk through the businesses. Administrator Doyle suggested meeting with the Art's Commission to discuss these ideas. There was further discussion on the questionable decisions of both the Art's and Park Commission.

Fire Department: The budget is comparable to last year. They are ordering uniforms for professional attire for calls and community functions. There is not an increase in their budget for this, as it will come from the clothing allowance. The new appointed Fire Chief is Josh Morrison.

The General Fund: The Town cannot afford the policing cost that is over \$400,000 a year. Currently the Mayor and Administrator are negotiating a cost of \$280,000 with a contracted service comparable to Concrete.

The Compost tax of 15% is draining the Compost Fund. We need to decrease it to at least half to allow the fund to build in reserves for the million dollar infrastructure upgrades needed at the Wastewater Treatment Plant. This would affect the General Fund revenues by approximately \$65,000 less. Mayor Hayes emphasized the savings the Town does have in the composting compared to hauling the sludge to Eastern Washington, but the taxing of the fund has depleted the reserves. By lowering the tax, it will give the compost fund the ability to subsidize the needed upgrades for the sewer plant.

Mayor Hayes noted it will be a challenge to balance the budget this year with the lack of revenues. With over nine million in upcoming projects, we are not even close in what we need in reserves. Councilmember Stokes reminded everyone the unexpected projects that had to be done have eaten up what reserves we have, and the bonds needed to do what has to be done exceeds our bonding capacity. He feels there is no other option but to raise the utility rates.

Administrator Doyle explained the Town bonding capacity issue. Currently we need bonds for the water lines, the wastewater treatment plant, some kind of funding for the stormwater facility upgrade and the dike. Finance Director DeGoede explained the bonds for the utilities have to prove they can be paid through the rate structures. A general obligation bond for the dike would be through the taxes in the general fund. The Town needs far exceed the bonding capacity the Town would qualify for. Administrator Doyle noted we have a model from the previous rate analysis, that the Town Engineer Evan Henke and Public Works Director Lease are using, to review the rate structure and bonding capacity in supporting the infrastructure upgrades.

The Maple Hall elevator repair cost of \$82,000 is the reason the facilities ending balance is in the negative. In parks there is a \$50K project to preserve the property along the Waterfront Park, which has to be done because we have already lost over six feet of shoreline. Administrator Doyle stated there are three options Council has to decide on: eliminating projects and expenses, shifting from funds that are cash rich and transferable and raising rates for enterprise funds. Councilmember Brunisholz was concerned about the funding for the dike. Finance Director DeGoede explained that would not be in 2017, as we have the final payments for the existing bonds. We can continue with the permitting process next year and look at funding of the dike in 2018. Also, the bonds from funds 206 and 210 will have a balance when paid off that will need to be transferred. Since they are from the parking lot and the facilities, the balances will be transferred to streets and facilities.

There were discussions on prioritizing what needs to be done and building reserves. Administrator Doyle highly recommended not transferring funds out of 001 as it is already \$50K short. We should know about the 3<sup>rd</sup> Street TIB Grant by mid-November. If it does not go through, the Street Fund and the Water Fund will significantly improve because we don't have to expend our portion to the project. For drainage, if the pump station is delayed a year, the fund will balance and have another year of building up the reserves.

Administrator Doyle pointed out by replacing the elevator in Maple Hall, it would make the facility more marketable. But we need to prioritize what is the most important to get done within the General Fund. Mayor Hayes suggested waiting on the outcome of the grant. If we get it, we will have to expend over \$200,000 towards the Third Street Project and make decisions of shifting funds to Streets. If we don't get it, the Council can decide on where or if to shift funds.

Councilmember Chamberlain discussed the need to focus on the bonds as well. We are running into a trend line now with decreasing revenue. Councilmember Stokes noted if we use more Hotel Motel funding for the public restrooms it would decrease the maintenance costs in the General Fund. Councilmember Leaver addressed the Sheriff's Contract. It is the big ticket item in the General Fund. Administrator Doyle stated the cost was roughly slated for \$450,000 for 2017. He and the Mayor are negotiating for approximately \$280,000, which is comparable to Concrete's recent contract. There will be a meeting on Thursday with the Sheriff's to discuss the 2017 contract. But, the figures for the General Fund already reflect the reduced policing expenditures and reduced revenue of the compost tax. We still have work to do to rectify the budget funds.

Councilmember Chamberlain feels the utility infrastructure is essential and should be the priority for bonding. Councilmember Brunisholz agreed, but feels the bonding for the dike is just as important. Councilmember Stokes stated the water line replacement along La Conner Whitney will be a huge cost but should be the priority, as it is the water source for the Town.

There being no further business the meeting was adjourned at 5:55 p.m.

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Maria DeGoede, Town Clerk

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Ramon Hayes, Mayor