

**Mount Vernon
Finance Committee
Parks & Enrichment Committee
Minutes
March 27, 2019**

Present: Councilmembers Beaton, Brocksmith, Carías, Hulst, Moberg, Molenaar and Mayor Boudreau

Staff present: Doug Volesky, Kevin Rogerson, Bill King, Chief Dodd, Peter Donovan, Isaac Huffman, Esco Bell

- 1) Minutes from February 27, 2019 were approved. Motioned by Councilmember Hudson seconded by Councilmember Carías, motion carried 7-0.
- 2) Finance Department: Director Volesky presented a number of items.
 - a. CIP Revenue Sources
 - i) Municipal Debt Presentation - Reviewed the 3 types of debt common to municipal governments.
 - (1) General Obligation (GO) Debt or Bonds - secured by a pledge of the taxing district's property tax authority.
 - (a) Limited Tax General Obligation (LTGO) Bonds – AKA “councilmatic” bonds or not-voted debt. Issued by a vote of the legislative body and must be paid from existing revenues, not through additional taxation.
 - (b) Unlimited Tax General Obligation (UTGO) bonds – AKA “voter debt.” These must be voted on by the community and will result in an increase in property taxes.
 - (i) These must be approved by 60% of voter and must have at least 40% voter turnout as last general election
 - (2) Revenue Bonds – issued to finance projects for any enterprise that is self-supporting; ex. water and wastewater projects.
 - (3) Special Assessment Debt
 - (a) Local Improvement Districts (LIDS) – special assessments levied on specific districts for improvements within those districts
 - ii) Presented 2019 Debt Overview
 - (1) Presented breakdown of the City General Government's debt of \$745,000
 - (2) Presented details on Utility Debt totaling \$18.9M
 - (3) Reviewed the City Debt before and after the Fire Bond
 - iii) Presented possible funding options which could be used to support each specific fund
 - iv) Questions:
 - (1) Councilmember Hulst: Can we actually do \$54M in councilmatic debt? If we go over this amount will this be covered by general funds?
 - (2) Director Volesky: We can do \$54M in councilmatic debt. Any overages will most likely come from the general fund but we might be able to use REET funds as well.

- b. Wastewater Rate Study Recommendation – Director Bell presented summary on rate study and introduced Kevin Lorentzen from HDR, Inc.
 - i) Reviewed purpose of the rate study
 - ii) Recapped former meeting presentation
 - (1) Recommended proposed rate adjustment of 2.5% per year
 - iii) Connection Fee recommended to stay where it is currently
 - iv) Discussed Development of Cost-Based Rates
 - (1) Revenue Estimation
 - (a) Presented financial estimates at a 2.5% annual increase including pro-forma financial statements and graphs
 - (2) Cost of Service – presented cost numbers for the citizens
 - (3) Allocation Factors and Analysis to review the impact of the rate changes on the citizens annually
 - (4) Compared MV to other municipalities and rate categories
 - v) Rate study findings; no changes since 2013. Recommend implementing 2.5% inflation yearly adjustment. Covers aggressive line treatment, Waste water treatment & street outlays.
 - vi) Questions:
 - (1) Councilmember Brocksmith – Is the inflation estimate a round number or CPI derived?
 - (2) Mr. Lorentzen – It’s a conservative number. Seattle is at 2.23 so 2.5 is an average of multiple years.
 - (3) Councilmember Brocksmith – Is the 4.3-4.4 million you were referring to an excess balance?
 - (4) Mr. Lorentzen – It’s your reserve balance, the cash you need to continue to operate for a given period without any cash inflows. Some agencies have 60 to 120 days of reserve balance.
 - (5) Councilmember Brocksmith – How is this reserve balance established/how long will it take to get to the 4.3-4.4 balance?
 - (6) Mr. Lorentzen – Tough to say there are multiple funds involved so there may be more/less funds than estimated but at the given 2.5% it will take 10 years.
 - (7) Councilmember Hulst – How much cash reserve do we need?
 - (8) Mr. Lorentzen – Typically 90 days, this forecast will leave us at 110 days.
 - c. Agreement with Economic Development Alliance of Skagit County (EDASC) for the year 2019 presented by Director Volesky.
 - d. Agreement with Skagit Watershed Council presented by Director Volesky.
 - i) Councilmember Brocksmith will need to disclose his relationship with Skagit Watershed Council and abstain from the vote to avoid any conflict of interest issues.
 - e. Monthly Financial Reporting presented by Director Volesky
 - i) Have brought in a quarter of the revenue this year
 - ii) TBD looking to finish 18% over budget for the year
 - iii) REET 1&2 – currently about \$177k down from the same time last year.
- 3) Parks & Enrichment Services Department – Director King presented various items
- a. Park Projects
 - i) Gillett Property – Currently in the process of being purchased.
 - ii) Little Mountain Trail Building Project – Have not received the estimated grant funding they thought they’d receive.

- iii) Hill Crest Lodge Garden – Finalizing the fence portion.
 - iv) Trail Signage – The new signs allow parks to confront illegal activity and vehicles.
 - b. Recreation Programs
 - i) Little league – Not enough fields for teams to use. Looking to collaborate with non-city fields for kids to play on.
 - ii) Arts Commission – Would like to add a mural to city hall; take poems about home from kids in other countries and create artwork based on those poems. Participating countries include Sweden and Syria.
 - (1) Looking to create an app to link source poem inspiring the part of the art.
 - c. City Work Program
 - i) Increased in costs by 4k in 2018; 2017 included private costs and were still 4k less than 2018.
 - ii) Total encampment costs – work orders have doubled from 2017 to 2018
 - d. Restroom Blockage
 - i) Dangerous to cleanup – possibly retaliation related to the Parks trespassing operations
 - ii) Had to blow out the clog and close the restroom for 3 days
 - e. Riverwalk Temp Shelter – Removed temp shelter established on the riverwalk.
 - f. Tulip Festival - 6k tulips planted should bloom in the next month.
- 4) Miscellaneous, for the good of the order:
- a. Mayor – went to Olympia on Monday met with a number of leaders on behavior health issues. Particular concern was for violent offenders on the street and how to deal with someone who exhibits dangerous behavior.
 - i) Still trying to additional funding for homeless support.

The meeting was adjourned at 6:53 p.m.

Submitted by

Chase Kinney

Submitted by

Chase Kinney