



**CITY OF MOUNT VERNON
CITY COUNCIL MEETING
AGENDA
November 9, 2022, 7:00 p.m.**
Police Court Campus, 1805 Continental Place

To virtually attend the meeting, the public may:

1. **Watch the meeting live on TV10:** Comcast/Xfinity Channel 10
2. **Watch the meeting live, online:**
https://www.youtube.com/channel/UCUob_hcQUmd4S93YkletdRA

I. OPENING CEREMONIES

- A. Call to Order
- B. Pledge of Allegiance
- C. Roll Call of Councilmembers

II. COMMUNITY COMMENTS

1. Review of Emails from the Public
(Public comments may be sent via email to communitycomments@mountvernonwa.gov. The comments will be read aloud into the record during the public comment portion of the agenda. Please limit your comments to be read in three minutes or less. Email comments must be received by 4 p.m. on November 9, 2022.)
2. Public Comments
(This is an opportunity for Mount Vernon residents to address their City Council. Please limit comments to three minutes or less. Under normal circumstances, the Mayor and Council will not respond immediately to Community Comments. If you would like someone to follow-up with you regarding the topic of your comments, please leave your name and contact information on the form at the entrance of the Council Chambers. If you are unable to attend the meeting and would like to make your comments via Zoom, please submit a request to speak via email to communitycomments@mountvernonwa.gov or by telephone at 360-419-3253. Requests must be received by 4 p.m. on November 9, 2022)

III. CONSENT AGENDA

- A. Approval of October 26, 2022 Regular Council Meeting Minutes
- B. Approval of November 4, 2022 payroll checks numbered 111748 - 111763 direct deposit checks numbered 90753 - 91004 and wire transfers numbered 1150 – 1154 in the amount of \$1,062,920.40
- C. Approval of November 9, 2022 Claims numbered 19480 – 19662 in the amount of 1,395,469.15.

IV. REPORTS

- A. Committees
 1. Public Works and Library
 2. Public Safety
- B. Councilmember Comments
- C. Mayor's Report
- D. Committee Agenda Requests

V. UNFINISHED BUSINESS

None

VI. NEW BUSINESS

- A. **Approval of Agreements – Affordable Housing Tax Credit Grants**
(Staff is requesting approval of Affordable Housing Tax Credit Grant agreements with Youthnet, Immigrant Resources & Immediate Support (IRIS), Friendship House, and Family Promise.)
(required action – motion)
(staff contact – Peter Donovan)
- B. **Public Hearing – 2023 Budget**
(This is a public hearing to receive comments from the public regarding the 2023 Budget. Staff is requesting adoption of Ordinance 3859, approving the 2023 Budget.)
(required action – ordinance)
(staff contact – Doug Volesky)
- C. **Set 2023 Property Tax Levy**
(Staff is requesting adoption of Ordinance 3860 setting the 2023 Property Tax Levy.)
(required action – ordinance)
(staff contact – Doug Volesky)
- D. **Cancel Regular City Council Meeting**
(This is a request to cancel the November 22, 2022 Regular City Council meeting.)
(required action – motion)
(staff contact – Doug Volesky)

Public Works and Library

COMMITTEE MEETINGS

6:00 p.m.

Next Ordinance 3859
Next Resolution 1021



DATE: November 9, 2022
TO: Mayor Boudreau and City Council
FROM: Peter Donovan, Special Projects Manager
SUBJECT: APPROVAL OF AGREEMENTS—HB1406 GRANTS

RECOMMENDED ACTION:

Motion

INTRODUCTION/BACKGROUND:

In mid-2022, City Council sought to determine impactful uses for the City’s early collection of Washington State Affordable Housing Sales Tax Credit (also referred to as HB1406 funding).

Council decided to open an application process to allow nonprofit agencies serving Mount Vernon residents to make requests for funding.

Funding uses were limited to State requirements that include: 1. Serving residents who are at or below 60% AMI, 2. Could be applied as rental assistance, 3. Could be used to acquire, rehabilitate, or construct affordable housing.

FINDINGS/CONCLUSIONS:

With consideration of the recommendation by a third-party committee, Council selected four agencies to receive funding for their respective projects.

Those agencies and award amounts are, as follows:

- Family Promise of Skagit County, \$25,000
- Friendship House, \$55,000
- Immigrant Resources & Immediate Support (IRIS), \$30,000
- Youthnet, \$10,000

Agreements between each of these four agencies and the City are included in this single agenda item.

The agreements memorialize the award amounts, the scope of services to be performed, and other details.

All amounts and activities have been previously approved by City Council.

All four agencies have agreed to the terms within this agreement.

RECOMMENDATION:

Staff recommends that Council authorize the Mayor to enter into four separate agreements with the aforementioned agencies, to provide services to residents of Mount Vernon in exchange for a designated portion of the City's Washington State Affordable Housing Sales Tax Credit funding.

ATTACHED:

Agreement with Family Promise
Agreement with Friendship House
Agreement with IRIS
Agreement with Youthnet



DATE: November 2, 2022
TO: Mayor Boudreau and City Council
FROM: Doug Volesky, Finance Director
SUBJECT: PUBLIC HEARING ON THE 2023 CITY BUDGET

RECOMMENDED ACTION:

The City will hold a public hearing to present and take comment on the 2023 City budget.

INTRODUCTION/BACKGROUND:

The City of Mount Vernon is required to hold a public hearing to discuss the 2023 proposed budget. Following a public hearing and discussion of the proposed budget, City Council may then adopt the budget which must be adopted prior to the beginning of the ensuing year.

FINDINGS/CONCLUSIONS:

The attached preliminary budget document with the Mayor's submittal letter summarizes the detailed information Council has in their 2023 budget binders. During discussions with City Council there have been some adjustments to the preliminary budget document. These items include adjustments in budgeted revenues to reflect projected property tax revenues based on updated assessed values provided by Skagit County. This public hearing will include the updated budget numbers.

The City budget as proposed consists of 42 funds and supports 252 full time and approximately 49 part-time employees.

The total 2023 proposed budget for the City of Mount Vernon is \$141,323,478, which is an 83.4% increase compared to the 2022 budget. This increase is due mainly to large capital projects with corresponding revenues and expenditures. Total governmental operating fund budgets for 2023 total \$41,208,158, a 3.9% increase compared to 2022.

The preliminary budget will continue to be adjusted per Council's direction prior to adoption, with a

detailed list of these adjustments. The attached preliminary budget document has not been adjusted for these modifications.

RECOMMENDATION:

- No action required, or
- Staff recommends Council adopt the 2023 budget ordinance

ATTACHED:

- 2023 Preliminary Budget Document
- 2023 Budget Ordinance



DATE: November 9, 2022
TO: Mayor Boudreau and City Council
FROM: Doug Volesky, Finance Director
SUBJECT: ESTABLISH THE 2023 PROPERTY TAX RATE

RECOMMENDED ACTION:

Staff recommends that Council adopt ordinance 3860 to establish the 2023 property tax revenue amount.

INTRODUCTION/BACKGROUND:

The City of Mount Vernon held a public hearing on October 26, 2022 to address setting property taxes for 2023 and to review revenue sources. No action was taken in regard to setting property tax revenues at that time.

Per MRSC, "As part of the budget process, the taxing jurisdiction establishes the amount of property tax revenue needed to fund the budget. That amount needed to fund the budget is called the levy. It is the total amount to be collected from the taxpayers by a taxing district. In Washington, property tax increases are not based on the increasing value of properties. They are based on last year's property tax levy, which is simply the amount of the property taxes that were assessed in the prior year.

By November 30th of each year, the amount of taxes to be levied by taxing districts are certified to the county assessor in a dollar amount. In Mount Vernon, our tax levy amount in 2022 was \$8,215,714. The county assessor calculates the levy rate necessary by dividing the total levy amount by the assessed value of taxable property in the district. By law, this number is expressed in terms of a dollar rate per \$1,000 of valuation. For example, a rate of \$0.00025 is expressed as 25¢ per \$1,000 of assessed value. The formula for property tax collections is expressed as: Levy = Levy Rate x Assessed Value (AV)".

The City of Mount Vernon is required by law to hold a public hearing to review revenue sources for the coming year and to set property taxes for the coming year. The City's property tax increase is limited to the lesser of one percent (1%) or the implicit price deflator (IPD) for the year. Additionally, a City may capture 100% of all new construction and may take any "banked capacity" available to them.

Some important facts to consider when setting the 2023 property tax include:

1. The implicit price deflator (IPD) for the year is 6.457, so it is more than 1%, so tax districts will be allowed to levy 1% more than they collected in 2022. A 1% adjustment to the property tax is \$90,800. This amount is not included in the 2023 Preliminary Budget.
2. Banked Capacity. As a result of the City of Mount Vernon not taking the maximum regular tax which could lawfully be levied in past years, the City has accumulated banked levy capacity of \$864,271.54. The amount of banked capacity changes each year because the highest lawful levy and the actual levy are recalculated. Having banked capacity for one year does not guarantee the city will have the same amount the following year. There is no banked capacity included in the 2023 revenue budget.
3. New construction value per the County Assessor's Office is \$21.6M which will generate \$38,327 of new revenue to the City in 2023. The new construction has been included in the 2023 Preliminary Budget.

FINDINGS/CONCLUSIONS:

Staff recommends that City Council:

- set the property taxes in 2023 at 100% of the 2022 revenue amount, and
- take all new construction allowed to the City.

Attached is the traditional property tax levy ordinance.

In total, staff is requesting Council to set our 2023 property taxes at \$8,254,041, which includes an estimate of \$38,327 for new construction.

RECOMMENDATION:

Adopt ordinance 3860 to establish the City's 2023 property tax levy amount.

ATTACHED:

- 2023 Property Tax Levy Ordinance