

# EDMONDS CITY COUNCIL APPROVED MINUTES

## October 4, 2011

The Edmonds City Council meeting was called to order at 5:30 p.m. by Mayor Cooper in the Council Chambers, 250 5<sup>th</sup> Avenue North, Edmonds.

### ELECTED OFFICIALS PRESENT

Mike Cooper, Mayor  
Strom Peterson, Council President  
Steve Bernheim, Councilmember  
D. J. Wilson, Councilmember  
Michael Plunkett, Councilmember  
Lora Petso, Councilmember  
Adrienne Fraley-Monillas, Councilmember  
Diane Buckshnis, Councilmember

### ALSO PRESENT

Alex Springer, Student Representative

### STAFF PRESENT

Al Compaan, Police Chief  
Stephen Clifton, Community Services/Economic Development Director  
Phil Williams, Public Works Director  
Jim Tarte, Interim Finance Director  
Carrie Hite, Parks & Recreation Director  
Carl Nelson, CIO  
Jerry Shuster, Stormwater Eng. Program Mgr.  
Mike DeLilla, Stormwater Technician  
Cindi Cruz, Executive Assistant  
Frances Chapin, Cultural Services Manager  
Rob English, City Engineer  
Jeff Taraday, City Attorney  
Sandy Chase, City Clerk  
Jana Spellman, Senior Executive Council Asst.  
Jeannie Dines, Recorder

1. **CONVENE IN EXECUTIVE SESSION REGARDING RCW 42.30.110(1)(f) TO RECEIVE AND EVALUATE A COMPLAINT OR CHARGES AGAINST A PUBLIC OFFICER OR EMPLOYEE, AND 43.30.110(1)(i) POTENTIAL LITIGATION.**

At 5:30 p.m., Mayor Cooper announced that the City Council would convene in executive session regarding RCW 42.30.110(1)(f) to receive and evaluate a complaint or charges against a public officer or employee, and 43.30.110(1)(i) potential litigation. He stated that the executive session was scheduled to last approximately 90 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. Elected officials present at the executive session were: Mayor Cooper, and Councilmembers Bernheim, Plunkett, Fraley-Monillas, Buckshnis, Peterson, Petso and Wilson. Others present were City Attorney Jeff Taraday, City Attorney Sharon Cates, Attorney Mark Bucklin, and City Clerk Sandy Chase. At 6:58 p.m., Ms. Chase announced to the public present in the Council Chambers that an additional 30 minutes would be required in executive session. At 7:30 p.m., Ms. Chase announced that an additional 15 minutes would be required in executive session. The executive session concluded at 7:47 p.m.

Mayor Cooper reconvened the regular City Council meeting at 7:50 p.m. and led the flag salute.

2. **POTENTIAL ACTION AS A RESULT OF EXECUTIVE SESSION DISCUSSION**

Council President Peterson read the following resolution:

*A resolution of the City Council of the City of Edmonds, Washington declaring void two purported agreements that were signed by Mayor Mike Cooper and Executive Assistant Kimberly Cole.*

*Whereas the document entitled CR2A agreement between the City of Edmonds and Kimberly Cole was signed by Mayor Mike Cooper and Kimberly Cole on Sept. 22, 2011; and*

*Whereas the second document entitled separation agreement general release between Kimberly Cole and the City of Edmonds was signed by Mayor Mike Cooper and Kimberly Cole on approximately Sept. 23, 2011; and*

*Whereas pursuant to RCW 35A.11.010, the City Council is vested with the authority to contract on behalf of the City of Edmonds; and*

*Whereas the City Council has delegated some contracting authority to the Mayor, specifically the authority to contract for goods and services valued at less than \$100,000; and*

*Whereas the two purported separation agreements are not contracts for goods or services; and*

*Whereas the City Council has not delegated any other authority for the Mayor to enter into employment separation agreements on behalf of the City; and*

*Whereas the CR2A agreement between the City of Edmonds and Kimberly Cole signed on September 22, 2011 and the separation agreement and general release between Kimberly Cole and the City of Edmonds September 23, 2011 were signed by the mayor in the absence of such authority;*

*Now therefore the City Council of the City of Edmonds, Washington hereby resolves as follows:*

*Section 1: Ultra Vires Acts. The mayor's actions in purportedly executing two separation agreements with Kimberly Cole are ultra vires actions in that he had no authority to enter into such agreements notwithstanding initial advice to the contrary.*

*Section 2: Agreements Declared Void. The September 22, 2011 CR2A agreement between the City of Edmonds and Kimberly Cole and the September 23, 2011 separation agreement and general release between Kimberly Cole and the City of Edmonds are void ab initio, have no legal effect and the City of Edmonds shall not be bound by them.*

*Section 3: No Payment. Because the two purported agreements are void, the city shall not make any payment pursuant to the two purported agreements.*

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO ADOPT RESOLUTION NO. 1257.**

Councilmember Plunkett asked for confirmation that if the resolution was approved, there was no settlement agreement with Ms. Cole. City Attorney Jeff Taraday answered it is his position there is no agreement now. Councilmember Plunkett asked whether there was a settlement agreement with former Human Resources Director Debi Humann. Mr. Taraday answered no.

Councilmember Plunkett asked whether any checks had been cut to Ms. Humann for a settlement. Interim Finance Director Jim Tarte answered not for a separation/settlement, only a final paycheck that included payout of normal vacation and sick leave. Councilmember Plunkett asked for confirmation that Mr. Tarte understood with the adoption of the resolution, he was not to cut any checks for a separation agreement for Ms. Cole. Mr. Tarte answered he understood.

Councilmember Wilson disclosed he has a personal, political and professional relationship with Ms. Cole but that relationship did not in any way cloud his judgment.

Councilmember Bernheim stated he was not sure that was a complete disclosure.

Councilmember Buckshnis disclosed she only knows Ms. Cole from the mayor's office and did not negotiate anything as a Councilmember.

**THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.**

**3. APPROVAL OF AGENDA**

Council President Peterson requested Item 12, Discussion and Possible Action regarding BD1 Retail Only Zone, be removed from the agenda and rescheduled on a later date.

Councilmember Petso requested Item 10, Audience Comments, be moved to follow Item 7.

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO APPROVE THE AGENDA AS MODIFIED.**

Council President Peterson explained he requested Item 12 be rescheduled as staff and members of the Economic Development Commission, at the direction of Council, are attempting to contact downtown property owners. Delaying this item will allow them to inform downtown property owners and allow them to participate in discussion if they choose.

Councilmember Plunkett suggested forwarding the BD1 Retail Only Zone and development agreements to the consultants conducting the strategic plan.

**THE VOTE ON THE MOTION CARRIED UNANIMOUSLY.**

**4. CONSENT AGENDA ITEMS**

**COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO APPROVE THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:**

- A. **ROLL CALL**
- B. **APPROVAL OF CITY COUNCIL MEETING MINUTES OF SEPTEMBER 27, 2011.**
- C. **APPROVAL OF CLAIM CHECKS #127981 THROUGH #128135 DATED SEPTEMBER 29, 2011 FOR \$331,695.17.**
- D. **ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES SUBMITTED BY ROBERTA LYNN SANITATE (\$56,742.68).**
- E. **INTERLOCAL AGREEMENT BETWEEN SNOHOMISH COUNTY AND THE CITY OF EDMONDS RELATING TO PRISONER TRANSPORT.**

**5. PROCLAMATION IN RECOGNITION OF OCTOBER AS NATIONAL ARTS & HUMANITIES MONTH.**

Mayor Cooper read a proclamation declaring October as National Arts & Humanities Month in Edmonds and recognizing the impressive participation of citizens and visitors in the many cultural resources and opportunities in Edmonds.

Cultural Services Manager Frances Chapin thanked the many arts and cultural organizations in the community, the citizens, and the City Council for their continued support of arts and culture which provide a tremendous contribution to the community. Representatives from the Arts Commission, Edmonds Arts Festival Foundation, Arts Now, Cascade Symphony, and Edmonds Center for the Arts as well as artists were also present.

**6. UPDATE FROM THE EDMONDS CENTER FOR THE ARTS/PUBLIC FACILITIES DISTRICT – THIRD QUARTER 2011.**

Public Facilities District (PFD) Board Member Mike Popke thanked the Council, Mayor and the ECA and PFD Boards for their timeless commitment and positive energy. Although economic times are difficult, the ECA staff has created a wonderful environment that everyone can be proud of. An example of the success of the ECA is the recent Arts Crush auction.

In 2009 there were 195 attendees with revenue of \$128,000 and Raise the Paddle raised \$25,000; in 2010 there were 232 attendees, revenue of \$172,000 and \$34,000 raised via Raise the Paddle; in 2011 there were 254 attendees, revenue of \$238,000 and \$69,900 raised by Raise the Paddle. Participation in Raise the Paddle increased from 54 people to 79 people, indicating a higher level of investment in the ECA's mission and a long-term commitment to the health and vitality of the ECA. An incredible number of volunteer hours were invested in the planning and execution of the event including ECA and PFD Board Members, Edmonds-Woodway High School Jazz Combo and Meadowdale High School String Quartet, and a staff of 50 individuals from high school students to senior citizens. There is no other event in the community that brings so many wonderful people together.

ECA Executive Director Joe McIalwain reviewed what has been created at the ECA:

- A cultural asset for Edmonds, and preservation of an important piece of Edmonds history –the original Edmonds High School and Edmonds Junior High campus
- A beautiful highly regarded venue for quality performing arts events and concerts close to home
- State-of-the-art theatre for arts organizations from around the region for performances and events
- Center that is active year-round with theatre events, sports activities, classes, meetings, etc.
- Resource for teachers and students as school arts programs suffer crippling budget cuts

Mr. McIalwain commented on the impact of the ECA:

- 505 events in the theatre to date
- 50,500 people impacted by ECA each year
- 2010 –2011 season statistics
  - 31% of audience from Edmonds
  - 18% of audience from Seattle
  - Snohomish (9%), Lynnwood (8%), Bothell (4%), Mill Creek (4%), Everett (3%), Mountlake Terrace (2%)

Mr. McIalwain reviewed current/upcoming events:

- ECA opened its 5<sup>th</sup> anniversary season with two performances by Lily Tomlin October 1st
- Cascade Symphony Orchestra will celebrate the opening of its 50<sup>th</sup> anniversary season with two performances – October 23<sup>rd</sup> and 24<sup>th</sup>. (To be filmed and broadcast on public television.)
- Sno-King Community Chorale opens its new season on November 10<sup>th</sup> with its annual “Salute to America” concert in celebration of Veteran’s Day
- ECA Presents: Christopher Cross – 10/8; Orla Fallon – 10/14; Riders in the Sky – 10/16; Magic School Bus (Student Matinees only) – 10/16; Bill Charlap & Renee Rosnes (part of Earshot Jazz Festival) – 10/29

Mr. McIalwain reviewed recent successes:

- \$187,000 in ticket sales by opening night of the 2011-2012 season (compared to \$110,000 in sales by opening night last season)
- Revenue from “Arts Crush” increased by more than \$75,000 this year
- Rick Steves’ investment in ECA and Cascade Symphony Orchestra -\$100,000 per year for 10 years beginning in 2012. Net revenue to ECA projected to be \$50,000 to \$60,000 each year

Mr. McIalwain reviewed the ECA’s operating performance:

<b>Revenue</b>	<b>2010 Year-end</b>	<b>2011 YTD(August)</b>	<b>2011 Budget</b>
Ticket Sales	\$ 304,152	\$ 320,404	\$ 430,000
Rental Revenue	\$ 305,863	\$ 241,471	\$ 328,820
Other Earned Revenue	\$ 46,627	\$ 42,446	\$ 87,000

Fundraising for Operations	\$ 446,740	\$ 337,201	\$ 402,000
<b>Total</b>	<b>\$1,103,380</b>	<b>\$ 941,522</b>	<b>\$1,247,820</b>
<b>Expense</b>			
Labor	\$ 495,213	\$ 347,564	\$ 521,800
Facilities/Operations	\$ 255,139	\$ 167,250	\$ 232,400
Programming	\$ 236,652	\$ 214,079	\$ 253,000
Other Expenses	\$ 159,547	\$ 108,068	\$ 238,300
<b>Total</b>	<b>\$1,146,550</b>	<b>\$ 836,961</b>	<b>\$1,245,500</b>
<b>Net Revenue</b>	<b>(\$ 43,170)</b>	<b>\$ 104,561</b>	<b>\$ 2,320</b>

Mr. McIlwain reviewed the sales tax revenue streams collected by the ECA:

- A) Direct Local-Level Sales Tax Rebate
  - Intended to cover a portion of the 2002 bond issue
  - Economic crisis has resulted in a significant reduction in revenues from this source.
- B) "TIER 1" County-Level Sales Tax Rebate
  - Intended to cover the remainder of the 2002 bond issue
- C) "TIER 2" County-Level Sales Tax Rebate
  - Intended to cover 2008 bond issue
  - Revenues were projected to exceed \$200,000 annually
  - Economic crisis has resulted in a 90% reduction in revenues from the "Tier 2" stream
  - Unrealized funding source, primary cause of capital revenue shortfall
  - Originally projected to be \$200,000; decreased to \$12,000

He summarized the EPFD's debt service:

<b>Revenues</b>	<b>2011</b>	<b>2012</b>
EPFD Local Sales Tax (estimated)	\$179,478	\$185,222
SCPDFD Allocation #1	\$215,575	\$226,320
SCPDFD Allocation #2	\$ 12,625	\$ 12,830
<b>Total Revenues</b>	<b>\$407,678</b>	<b>\$424,372</b>
<b>Bond Payments Due</b>	<b>\$682,863</b>	<b>\$706,763</b>
<b>Net Balance</b>	<b>(\$275,185)</b>	<b>(\$282,391)</b>
<b>Remaining Principal, 2002 Bond Issue</b>		<b>\$5,820,000</b>
<b>Remaining Principal, 2008 Bond Issue</b>		<b>\$3,735,000</b>
<b>Combined Total</b>		<b>\$9,555,000</b>

Because projected Council sales tax revenues have not materialized, additional funds will be needed in 2011 to help cover a portion of EPFD's bond debt:

- City Support - June 2011: \$83,185 (*received*)
- ECA projected to contribute approximately \$45,000 from its operating fund for debt service.
- Estimated City support – December 2011: \$145,000
- Total estimated City support for 2011: \$228,185

Mr. McIlwain explained City Council Members, Edmonds PFD Board Members, ECA Board Members, City Staff and ECA Staff continue to work together to find solutions. Members of the Task Force include Councilmember Lora Petso and D.J. Wilson, PFD Board Members John McGibbon and Bob Rinehart, ECA Board Members Jack Loos and Steve Shelton, City Staff Frances Chapin, Stephen Clifton, and Carrie Hite and ECA Executive Director Joe McIlwain.

Mr. McIalwain reviewed long term strategies:

- Refunding of 2002 Bonds – part of City refunding package
  - Estimated savings of \$30,000 per year
- Extension of PFD Legislation – statewide PFD effort
- Naming Rights – exploring now with potential partners.
- Impact of Economic Recovery – *unknown*
- Improved operating performance – portion of net revenues dedicated to debt service

Next steps include:

- Complete 2010 audit (site work completed). Short list of recommendations, no major concerns
- Establishment of term limits for PFD Board Members (two consecutive four year terms)
- Strategic Planning process – 2011-2012

Councilmember Buckshnis commented the City had been expecting to budget \$300,000 toward the ECA debt; it now appears it will be approximately \$250,000. Mr. McIalwain anticipated \$250,000 would be worst case scenario.

## 7. HEARING EXAMINER'S ANNUAL REPORT

Hearing Examiner Phil Olbrechts distributed the 2010-2011 Edmonds Hearing Examiner Annual Report. He reported there had only been eight land use hearings over the last year; three staff appeals (two granted in favor of the appellant, one in favor of the City), two conditional use permits for restaurant outdoor seating (granted), two variances for public uses (granted) and one shoreline conditional use permit for a City pump station (granted).

He provided detail regarding the cases:

**Sabine Birlenback:** Appeal of Notice of Violation and conditional use permit (CUP) for unauthorized cutting for trees within a critical area. Appeal granted in part. Appellant hired a contractor to cut trees in a critical area buffer next to her mother's home. The City authorized limited cutting. The appellant provided direction to the contractor and the contractor cut significantly more than was authorized – he was allowed to cut 26 trees and cut 49 and ultimately killed a number of trees rather than just crowning them. The City's fine was \$1500/tree; the City assessed \$12,500 and required the appellant to obtain a CUP to restore the trees at a rate of 3 trees per tree illegally cut. He reduced the fine to \$3,000 and determined only "removed" trees for which replacement was required were those that did not survive the cutting.

**Meadowdale Marina LLA:** Appeal of building official determination that Meadowdale Marina, a nonconforming use, was too badly damaged by a storm to qualify for repair. Appeal granted. The City's nonconforming use provision allows a nonconforming building damaged up to 75% to be rebuilt. In this instance, a pier structure was destroyed in a January 2011 storm. The appeal was on how 75% of the value of the structure was determined. The appellants provided case law from the Shoreline Hearings Board that the entire structure must be considered. He ruled the 75% threshold had not been exceeded and the wooden building could be replaced.

**Classico Homes:** Appeal of building official determination on base height for measuring building height. Appeal denied.

**Swedish Medical Center:** Request for sign variance. Approved. The existing signs were grandfathered and were within the street setback and too tall for the location. Public necessity for a public building qualified as a special circumstances in the variance criteria.

**Snohomish County PUD No. 1:** Request for variance to increase allowed fence height from six feet to eight feet. Variance approved.

**Craig Hanway/Scotts Bar & Grill:** Conditional use permit for outdoor seating. Permit granted. Hours restricted to 10:00 p.m.

**Panera Bread:** Conditional use permit for outdoor seating. Permit granted. Hours restricted to 10 p.m.

**City of Edmonds:** Shoreline Conditional Use Permit for removal of Pump Station No. 2 from Shell Creek and place it outside the creek. Permit approved.

Mr. Olbrechts relayed he is working with City Attorney Jeff Taraday to develop hearing examiner rules and procedures.

Councilmember Buckshnis referred to the appeal of trees cut in a critical area; they were allowed to cut 26 trees and instead cut 39 and 26 were damaged severely. Mr. Olbrechts explained the City's authorization was only to crown the trees; the contractor cut more than was authorized. Councilmember Buckshnis commented on the importance of critical areas and sending a message that trees in critical areas cannot be cut without authorization. She asked if the appellant was required to restore any of the trees that were cut. Mr. Olbrechts answered the code states trees that are removed must be replaced with three trees; removal is defined to include the death of the tree. Most of the trees will not die as a result of the cutting activity. His ruling was that restoration applied to the trees that would die as a result of the cutting activity. Councilmember Buckshnis asked how it would be determined whether the trees would die. Mr. Olbrechts answered that was studied by an arborist.

#### 10. AUDIENCE COMMENTS

Mayor Cooper reminded speakers that in accordance with RCW 42.17.130, the opportunity for public comment shall not include comments which promote or oppose candidates for public office or ballot measures except during a public hearing.

**Dave Page, Edmonds,** recalled there had been three levy committees in the past three years; all three found the City needed a levy to prevent further cuts in service. When the Council voted in August to place a levy on the November ballot, the vote was 6-1 with Councilmember Wilson dissenting. Mayor Cooper then presented a recommended levy package which the Council did not approve. The Council subsequently placed three levies on the November ballot. He expressed concern that at last night's forum, Councilmembers indicated they could not support all the levies. Only Mayor Cooper expressed support for all the levies. Mr. Page questioned the message Councilmembers are sending to the public after all the work done by the levy committees. He noted personal interest appears to have overruled the public good.

**Al Rutledge, Edmonds,** commented on pedestrian crossing flags that used to be available at several intersections and discontinued after the flags were stolen. An America National Program in Florida will pay for the flags. He suggested a pedestrian flag program be considered in the budget.

**Roger Hertrich, Edmonds,** referred to interests/concerns expressed at the candidate forum including concern with increased commercial traffic at Paine Field. He suggested candidates need to be concerned about problems created by increased train traffic, parking lots for train users, and increased bus and ferry traffic. Those facilities are accessed via Edmonds Way and he envisioned grid lock on Edmonds Way due to increased traffic. Double tracking will increase hazards and result in more trains; current estimates are 100 trains/day through Edmonds. The possibility of coal trains will further increase the number of trains traveling through Edmonds. Additional train traffic blocks the waterfront from downtown and prohibits

efficient ferry operation. He summarized gridlock is the most serious problem facing Edmonds in the future and it should be scheduled on a future agenda.

**8. PRESENTATION OF THE 2012 PRELIMINARY BUDGET.**

Council President Peterson distributed copies of the 2012 Preliminary Budget to the City Council.

Mayor Cooper explained the budget would be available on the City's website at the completion of his remarks. Hard copies are available at the City Clerk's office. He provided the following budget message:

*When I took the oath of office on July 23, 2010; I made a commitment to the people of Edmonds that I would deliver budgets that are balanced, that reflect proactive belt tightening and focused on continuing to deliver the high quality of service that our residents deserve. Our 2011 budget did that and the 2012 budget continues that commitment.*

*It is a privilege for me to bring you a budget this evening that reflects the values and priorities of our community; safe neighborhoods, clean parks, and an open and transparent government. Our nation is facing challenging economic times and local governments all across the region are making difficult decisions, making drastic cuts to services, and laying off hundreds of dedicated public employees. I feel fortunate as your mayor that while this great recession continues we have not had to make those drastic cuts because we have acted responsibly.*

*In 2011, our conservative spending approach coupled with the hiring freeze I implemented lowered our expenses \$200,000 below budget. In addition, we realized \$200,000 more in revenue than projected at the beginning of 2011. Responsible choices achieve results that keep us ahead!*

*As we approach 2012 our city is at a crossroads. The budget I bring you tonight was balanced carefully, but not without thinking outside of the box. The county has projected our assessed property value will decrease by 10% and our sales tax revenues will show only a modest rebound. For us to provide the community with the services they deserve I am recommending leaving 3½ positions vacant, a series of reorganizations, and some creative revenue options and expenditure reductions.*

*Like 2011, I am recommending that we suspend the general fund contribution of \$300,000 to the vehicle replacement fund (511 B fund) during 2012. We are in a position to make all of the 2012 expenditures from the fund including police cars and computers for the police vehicles and still have a fund balance at the end of 2012. In this economic climate and given the health of this fund, this just makes sense.*

*My proposed budget adds back the police officer position left vacant during the 2011 hiring freeze I demanded. This will keep us at our staffing level of 55 officers, but well below the recommended service level.*

*A public, transparent, and open government is one of my top priorities. To meet the demand of public record requests and keeping with the goal of an open and transparent government, I am recommending we fill the vacant clerk position with a ½ time person, saving the city \$33,000 in salaries and benefits, but still allowing us to move forward with our plan to have an employee solely dedicated to processing public record requests. In 2011, the authorized position in the City Clerk's office was left vacant due to a fragile budget and the hiring freeze I implemented; we simply cannot afford to operate at this level if we are going to serve the public. Having this employee in place will enable us to begin processing requests more effectively by using the latest available technology.*

*In Development Services, the Director position will remain vacant as well as a Permit Coordinator position. The savings for the city is \$224,000 in salaries and benefits. These vacancies present service challenges and will require doing business a different, but more effective way. I have been working with staff to develop a plan to provide this service with existing employees. As revenues increase and the economy rebounds we will need to consider filling the permit coordinator in order to continue a high*

*level of customer service. It is important to note that in order to function effectively we need a director managing the division.*

*Our community places a high priority on understanding the financial position of the city with reports that are user friendly. In keeping with the spirit of thinking out of box and not adding additional strain on a budget spread thin, we are reorganizing the Finance Department. As the public demands more information about how their tax dollars are spent, we must respond to this demand. My budget combines both general fund and utility funds to accomplish this task.*

*Having functional and clean parks is a long standing service we provide to our community. We have implemented programming changes that will generate \$45,000 a year of new revenue increasing our recreation fee structure for non-residents, so our own residents pay less than users from out of town. In addition we have reduced expenditures by \$40,000. These changes will minimize the impacts on our service levels.*

*I am recommending that we leave a custodian position vacant for 2012, saving the city \$60,000 in salary and benefits. This will mean that our community facilities like the Francis Anderson Center will not be cleaned as often.*

*Making these changes, we still preserve our reserves at a healthy balance to end 2012; with \$1.3 million in the Public Safety Reserve Fund, \$1.9 million in Emergency Reserve, and \$3.4 million ending balance in the General Fund. In addition, my 2012 budget spends \$43,000 less than it raises in revenue."*

*While I have delivered a delicately balanced budget this year, it is important to note that in order to sustain our current level of service into the future our city needs additional revenue. We have a legacy of proactive decisions that keep us out of economic disaster. If we are to continue our commitment to public safety, our flower program, senior center, Yost pool, and first class recreation program; we must act now in preparation for the foreseeable economic needs.*

*The most important step to achieve needed revenue is our commitment to bringing new business to Edmonds. Having a vibrant economy will increase sales tax revenue and reduce the tax burden on home owners.*

*This year in Edmonds we have over \$16 million in new commercial construction under way. That means over 160 construction jobs have been created by development we have attracted to Edmonds. In addition, some of these businesses will bring new jobs to our city. One such company is Dick's Drive In. The new Edmonds Dick's will employ dozens of workers who will earn higher than industry average hourly wages. The new \$6 million 16,000 square foot cancer treatment center adjacent to Swedish Hospital is part of Swedish's commitment to invest \$150 million in upgrades over the next decade. This expansion will provide long term family wage jobs in our community for many years to come. Other businesses expanding in Edmonds include; Panera Bread, and Columbia State Bank.*

*In 2009, the council and the community were warned that if new revenue was not generated then drastic reductions in service would be needed. If the voters do not approve the propositions on the ballot this fall and the economy does not rebound, drastic cuts in service will be needed. There is nothing left to trim without further eroding the service levels the community deserves.*

*As we look to 2012 and beyond it is important for us to not lose sight of the community's expectations and priorities; public safety, flowers, arts and cultural programs, Yost Pool, the senior center, recreation programs, well maintained parks, safely maintained streets and walkways, and above all a commitment to economic development.*

*It is my honor to present to you this budget as your mayor. This budget protects our priorities, it's balanced and it's fair.*

*I want to thank all of the council members and residents who made budget suggestions. The dedicated community members who spent four evenings in August and September provided valuable input to this process. We listened and we wrote a budget based on your priorities.*

*I would especially like to thank our dedicated staff who worked long hours to assist in building this budget, particularly Interim Finance Director Jim Tarte and his staff. We look forward to being available to answer questions and participate in your budget discussions.*

Council President Peterson advised a budget work session is scheduled on October 18, the first public hearing on November 1 and a second public hearing on November 15.

Mayor Cooper explained the new Finance Director starts on October 10; Mr. Tarte will be available during the transition to answer questions.

**9. PUBLIC HEARING ON THE CAPITAL FACILITIES PLAN ELEMENT UPDATE FOR 2012-2017 TO THE CITY'S COMPREHENSIVE PLAN AND CAPITAL IMPROVEMENT PROGRAM. THE PROPOSAL UPDATES THE CITY'S CAPITAL FACILITIES PLAN TO INCLUDE IMPROVEMENTS, ADDITIONS, UPGRADES OR EXTENSIONS OF CITY INFRASTRUCTURE SUCH AS TRANSPORTATION, PARKS AND STORMWATER ALONG WITH OTHER PUBLIC FACILITIES NECESSARY TO IMPLEMENT THE CITY'S COMPREHENSIVE PLAN.**

City Engineer Rob English provided a comparison of the CIP and CFP:

	<b>CIP</b>	<b>CFP</b>
Mandate?	None	GMA
Reason?	Budget	GMA
Time Frame?	6 year	6 year 20 year
Must include Capital?	Yes	Yes
Must include Maintenance?	Yes	No

Mr. English highlighted the following projects added to this year's CFP:

- Sunset Avenue Walkway
  - Added to Transportation CFP
  - Supported by 2008 Parks Plan
  - Conceptual estimate \$917,000
  - 2015 design
  - 2016 construction

Mr. English explained during the 2011 CIP process, Council requested the following projects be added:

- Public Market Facility (Downtown Waterfront)
  - Staff recommends adding to CFP (General)
  - Supported by 2008 Parks Plan
    - Regional park for downtown waterfront
  - Cost unknown
  - Program year unknown – seeking Council direction
  - Add to CIP
    - 125 REET-2 Parks Improvement Fund

Staff is seeking direction from the Council regarding the addition of the Public Market Facility to the CFP and CIP.

Mr. English provided a summary of fund numbers in the CIP and department managing each fund:

<b>Fund</b>	<b>Description</b>	<b>Department</b>
112	Transportation	Public Works

113	Multimodal Transportation	Community Services
116	Buildings Maintenance	Public Works
125	REET-2 Transportation	Public Works
125	REET-2 Parks Improvement	Parks & Recreation
126	Parks Acquisition	Parks & Recreation
129	Special Projects	Parks & Recreation
132	Parks- Construction (Grant Funding)	Parks & Recreation
412-100	Water Projects	Public Works
412-200	Storm Projects	Public Works
412-300	Sewer Projects	Public Works
414	Wastewater Treatment Plant	Public Works

Mr. English highlighted:

- 112 Street Fund projects:
  - 226<sup>th</sup> St. Walkway (completed)
  - Shell Valley Emergency Road (construction)
  - Dayton St Overlay (2011)
  - Main St – 5<sup>th</sup> Ave to 6<sup>th</sup> Ave (2011-12)
  - 228<sup>th</sup> St. Corridor Improvements (design 2011-12)
  - Five Corners Roundabout (design 2011-12)
  - 212<sup>th</sup> & 76<sup>th</sup> Ave (design 2012)
- 412 Utility Fund projects:
  - Water
    - 17,400 feet of replaced water mains (construction)
    - 5,900 feet of water main replacement (2012)
    - Alderwood Meter Improvements (completed)
  - Stormwater
    - 12<sup>th</sup> Ave Storm Drainage Improvements (completed)
    - Dayton Street Storm Drainage Improvements (construction)
    - Talbot Road/Perrinville Creek Drainage Improvements (2012)
  - Sewer
    - Sewer Lift Station 2 upgrade (construction)
    - Rehabilitation of 9 Sewer Lift Stations (2012-13)
    - 2,900 feet of sewer main replacement/rehabilitation (2012)
    - 2012 Sewer Comprehensive Plan Update

Parks & Recreation Director Carrie Hite highlighted projects in the 2011 CIP:

- Yost pool repairs (completed)
- Groundbreaking and progress on Interurban trail (underway, targeted for completion 2011)
- Old Milltown courtyard (groundbreaking September 30, targeted for completion 2011)
- SR 99 International District (design and planning)
- 4<sup>th</sup> Avenue Cultural Corridor (planning)

Ms. Hite highlighted CFP projects:

- Add Public Market (seeking Council direction whether to include)
- Development of Woodway HS Athletic Complex

Ms. Hite highlighted REET 125 funded projects:

- Reprioritized a few projects

- Completion of City Park playground equipment and Dayton Street Plaza next year.
- Added Edmonds Marsh Study (need match if grant funds received)
- Added Park Impact Fee study as placeholder
- Added another \$120,000 for Yost to replace boiler

She highlighted Park Construction Fund 132 projects:

- 4<sup>th</sup> Avenue Cultural Corridor planning
- Dayton Street Plaza
- Completion of Interurban Trail
- Spray Park (unsecured funding)
- Senior Center Improvements: subject to CDBG (unsecured funding)

Mr. English reviewed the schedule:

- September 14 – CS/DS Committee
- September 27 – City Council – introduction
- September 28 – Planning Board – public hearing
- October 4 – City Council – public hearing
- Dec 2011 – Adopt CFP with Comprehensive Plan Update

The Planning Board recommended forwarding the CFP/CIP to the Council for approval. The Planning Board's concerns included flooding in the waterfront area, the Five Corners Roundabout project and the need for a public education program regarding the Five Corners roundabout.

Council President Peterson suggested tonight Councilmembers identify their 5-6 big issues with the CFP/CIP. Staff could then be given direction regarding those projects and further discussion scheduled on those specific projects.

Mayor Cooper opened the public participation portion of the public hearing.

**Roger Hertrich, Edmonds**, suggested the Council continue the public hearing so that the projects identified by the Council could be discussed further. He expressed concern that projects that remain in the CFP/CIP may occur without the Council's realization such as the Five Corners roundabout. The public did not have an opportunity to provide input before a decision was made to move forward. He suggested the \$1 million traffic signal proposed for 9<sup>th</sup> & Caspers be removed from the plan and any issues with the intersection be addressed via a slight realignment of the roadways. He suggested the aquatics facility be located at the Woodway High School site and Yost Pool remain an outdoor pool with the addition of a water slide to increase participation. He did not support increasing the size of the library building and preferred SnoIsle Library pay for any expansion. He suggested the CFP/CIP include a proposal to address his concerns with gridlock on SR 104.

**Al Rutledge, Edmonds**, commented the South Snohomish County Historical Society sponsors the Saturday Market. He relayed concerns about having another Farmers Market facility in the City. He suggested the Council inquire with the Friends of the Edmonds Library about funds they donate to the library.

Hearing no further comment, Mayor Cooper closed the public participation portion of the public hearing.

Councilmember Buckshnis agreed with Mr. Hertrich about the 9<sup>th</sup> & Caspers project. She suggested the 9<sup>th</sup> & Main and 9<sup>th</sup> & Walnut projects also be removed from the plan.

Councilmember Fraley-Monillas expressed interest in including the public market in the CFP, wherever it was located. The City could benefit economically from a public market facility financially as well as health wise.

Councilmember Petso agreed with the public market concept. She acknowledged there are issues with a public market facility as mentioned by Mr. Rutledge. She suggested staff “pencil it in for 2015” so that it was included in the plan but there was time to address issues. She was open to reconsidering the decision on the roundabout, recalling when the Council’s decision was made in July, she commented there had never been a public hearing held on specifically the roundabout, only the overall plan.

Councilmember Bernheim expressed support for the public market concept. He noted there was no real concept yet, he envisioned a very modest facility, not a large place. He was also interested in further discussion on the Five Corners roundabout, recalling he observed the intersection can currently handle 100 cars every 5 minutes. He was interested in further statistics about the roundabout operation and how the roundabout concept fit with future development. He did not want to take the roundabout out of the plan now but wanted further evidence that a roundabout would be an improvement.

Councilmember Bernheim suggested prioritizing the Main & 9<sup>th</sup> and Walnut & 9<sup>th</sup> striping projects to facilitate traffic flow. He agreed with minimizing the number of million dollar traffic lights in the CFP/CIP if they were unnecessary. He cited 9<sup>th</sup> & Caspers as an example of an intersection where the traffic pace was acceptable.

Public Works Director Phil Williams advised there are two public workshops in the scope of the design consultant’s contract. Once 30% design is complete, the public would be invited to workshops to discuss how the roundabout functions, benefits and tradeoffs, and to compare alternatives.

Councilmember Bernheim asked what traffic volumes the roundabout will be able to handle compared to the existing intersection. Mr. Williams explained the primary driver for this project was congestion and delay at the intersection. That is expressed in a variety of ways, the obvious being air quality impacts. The estimated reduction in air quality contaminant emissions that result from construction of the roundabout was the reason the project qualified for grant funding. The roundabout results in a 30-40% reduction in carbon monoxide, carbon dioxide particulate, hydrocarbons, etc. emitted by cars waiting to go through the intersection. With regard to delay, in the current situation, all stop at a five-leg intersection, there is a 115 second average delay during the afternoon peak period. The same traffic volumes at a roundabout reduce the delay from 115 sections to 12 seconds. That reduction in delay has a significant impact on air quality emissions and fuel consumption. Idling cars have impacts on fuel consumption, air quality, carbon footprint and delay and there are costs associated with each. It is important in the design development stage to articulate/prove those benefits to the public as well as discuss alternatives to a roundabout. When the design process is complete, the Council will be asked whether to move forward with construction.

Councilmember Wilson commented the stormwater section is great; however the facilities section is “too pie in the sky” for his support and it is not prioritized effectively. Citizens’ highest priority is funding for traffic calming; recognizing that could not be funded adequately, he suggested increasing the current \$10,000 to \$50,000.

Councilmember Wilson observed the only project funded entirely with local funds with no matching federal grants is the 4<sup>th</sup> Avenue Corridor. That project has never been a top priority in the City and to him is not a higher priority than neighborhood traffic calming. He planned to propose an amendment to move funds from the 4<sup>th</sup> Avenue Corridor project to traffic calming unless staff could identify another funding source. He acknowledged the 4<sup>th</sup> Avenue Corridor project is important but it has funding from a number of different sources including LTAC.

Councilmember Plunkett explained he has voted against the CFP/CIP in the past and will do so again, primarily because of the roundabout. He anticipated the roundabout will increase traffic speeds rather than calming traffic. He expressed interest in traffic calming projects throughout the City, moving funds currently allocated to the roundabout to traffic calming, and retaining the stop signs at the Five Corners intersection.

Council President Peterson summarized issues raised by the Council:

- Traffic lights and/or striping along 9<sup>th</sup> Avenue
- Public Market
- Roundabout
- Funding for traffic calming
- Funding for the 4<sup>th</sup> Avenue Corridor

Council President Peterson suggested staff return with presentations/ideas for each of the items for further Council discussion and decision. The public hearing could be continued or public comment allowed. City Clerk Sandy Chase explained the public hearing could be continued to a date certain without republishing the hearing notice. If another public hearing was scheduled, notice would need to be published.

Council President Peterson suggested republishing notice about these five issues within the CFP rather than continuing the public hearing on the CFP. He tentatively scheduled staff presentations on November 1 and encouraged Councilmembers to email staff with any additional concerns about these items.

**11. FURTHER DISCUSSION AND POTENTIAL ACTION ON A PROPOSED CHANGE ORDER POLICY FOR THE CITY OF EDMONDS THAT WILL GUIDE PROCESSING AND APPROVAL BY THE ADMINISTRATION AND CITY COUNCIL.**

Public Works Director Phil Williams explained during previous meetings, the Council agreed a policy was needed. After reviewing the policy he proposed, the Council requested a simpler policy be drafted. He reviewed the following policy developed by Councilmember Petso:

City Council members shall be notified by e-mail of any change order in excess of \$50,000.

City Council approval shall be required for:

- (1) any change order in excess of \$100,000, or
- (2) any change order which puts the total of change orders on a project over the designated management reserve.

If City Council approval is required for a change order, but circumstances require a speedier approval, the Mayor is authorized to approve the required work provided that the change order is placed on the next City Council agenda for review and approval.

In no event may the budget authority for a project be exceeded without prior City Council approval.

Councilmember Fraley-Monillas referred to the statement, “if City Council approval is required for a change order, but circumstances require a speedier approval...” and asked whether the Council would still be notified by email that that had occurred. Mr. Williams answered yes if it was over \$50,000. If a project’s management reserve was \$100,000 and the project was at \$97,000 and a \$4,000 change order occurred, staff would be obliged to obtain Council approval. He anticipated in that case staff would likely ask for additional management reserve due to the possibility of other change orders.

Councilmember Buckshnis referred to exceeding the fund appropriation and Haines Wharf where Fund 125 exceeded its budget appropriation by \$200,000. She agreed a change order policy was needed but wanted to include language regarding fund appropriation. She anticipated staff could be within the budget

authority for a project but exceed the budget appropriation for a fund. Mr. Williams answered with regard to Haines Wharf it was his understanding the total spending authority was not exceeded in the 125 Fund and because the spending authority was not exceeded, it hid the performance of the project versus the budget approval and spending authority.

Councilmember Buckshnis explained in the quarterly amendment in August 2010, Fund 125 had a fund appropriation of \$1.5 million the actual expenditures were \$1.7 million. Councilmember Petso explained the reason she did not include that in the proposed policy and only included project-level approval was it was her understanding it was illegal for staff to exceed the fund authority.

Councilmember Plunkett referred to the statement in the proposed policy, "If City Council approval is required for a change order, but circumstances require a speedier approval, the Mayor is authorized to approve the required work..." and asked how the Council could say no if the Mayor has already approved the work. Mr. Williams explained the intent of that statement is to address an emergency situation on a project that requires immediate response and there is not time to come to the Council. In that situation he and/or Mr. English would describe the situation to the mayor and depending on the size of the change order and whether it takes it over the management reserve or other threshold, staff would be obliged to obtain Council approval. The time it takes to obtain Council approval would stop the work and possibly create contractual or physical chaos as well as result in additional cost. Rather than incur additional costs, the prudent thing to do is authorize a minimal amount of work to resolve the immediate problem and explain and justify it at the next Council meeting. He acknowledged there are situations where a change order is optional and can wait for Council approval.

Councilmember Plunkett reiterated the language infers Council approval; what happens if the Council does not want to approve the change order. Mr. Williams acknowledged the conundrum, comparing it to approval of vouchers. He explained if the mayor authorized the work, the contractor is entitled to be paid and staff would bring the change order to Council for review and approval. Similarly, the Council gives final approval on projects and admittedly their control is limited at that point because the work has already been authorized.

Councilmember Plunkett asked what happens if staff cannot justify the expenditure to the Council but the money has already been spent. Mr. Williams responded there needs to be trust in the relationship and staff will be prudent in exercising that paragraph. Councilmember Plunkett commented if that situation happened often, the policy could be changed.

Mayor Cooper inquired about the authority to do emergency repairs under emergency provisions and seeking after-the-fact Council approval. Mr. Williams explained there are very specific criteria regarding what constitutes an emergency. Mayor Cooper commented under RCW, if the Council fails to approve a voucher approved by the mayor and already paid, it returns to the finance department and becomes a receivable.

Councilmember Wilson commented his understanding is the authority for a speedier approval is only within the management reserve. Mr. Williams answered that is not the intent. The management reserve is one threshold. If there is time available to increase the management reserve before the next change order, that will be done. However, in an emergency, the exact cost may be unknown but direction must be given to the contractor immediately. If that resulted in a change order that exceeded the management reserve, staff's commitment is to email the Council if it is over \$50,000 and if not, explain it at the next Council meeting.

Councilmember Wilson asked what was meant by the statement, "In no event may the budget authority for a project be exceeded without prior City Council approval." He read it as once a project's budget has been approved, a contract with a management reserve, that cannot be exceeded without approval. Mr.

Williams answered it would be a rare circumstance where the entire project budget is used. Typically a change order occurs during a project when all the funds have not been expended; it could exceed the management reserve but likely not the entire project budget.

Councilmember Wilson expressed concern, absent current emergency criteria, with allowing the mayor to authorize expenditures, essentially giving a blank check to the administration, without Council approval.

Councilmember Petso explained she included flexibility in the proposed policy even in light of the Haines Wharf fiasco. The policy is written to require staff to come to the Council with a change order that exceeds the management reserve. For example, if a project is close to the reserve, and a non-emergency change order arises that will exceed the management reserve but if addressed now will cost less than doing it later. That was the condition she was attempting to address by that paragraph.

Mr. Williams referred to last week's report on the Interurban Trail project where the change order did not exceed the management reserve but clearly the consumption of the management reserve was more rapid than the progress on the project and staff requested additional management reserve.

Councilmember Wilson commented if the management reserve is consumed and the Council is not notified and then the mayor approves work because circumstances require a speedier approval, the Council has not implemented a policy that requires staff to report to the Council as they progress through a project. As long as a change order is presented to Council early, there is unlikely to be a problem. However, if multiple change orders have been approved that consume the entire management reserve and then staff presents a change order, concerns may arise. He concluded early and often is better and this policy does not achieve that. Mr. Williams agreed early and often is better. He commented on the need for balance between Council control and expediency.

Councilmember Wilson recalled he stated he was willing to have change orders not count against the management reserve in order to avoid restricting in-field decision-making but he did not want to offer blank checks.

Councilmember Fraley-Monillas asked about other city, county and state change order policies. Mr. Williams answered Mr. English and he reviewed policies from a number of jurisdictions and incorporated concepts into the first draft of the change order policy.

Councilmember Bernheim commented the proposed change order policy is similar to what he envisioned, a simplified version of the policy Mr. Williams presented. He was uncomfortable with the last two paragraphs, particularly the issue Councilmember Plunkett raised, the mayor authorizing the required work and then scheduling it for Council approval. If circumstances require a speedier approval he preferred to give the engineer or mayor authorization as long as the City Council is notified and the circumstances described. He noted the final paragraph is contradictory as a speedier approval could cause a project to exceed the budget authority. The most important lesson from the Haines Wharf experience is the lack of notice. He was uncomfortable with approving the change orders on the Interurban Trail and the lift stations because the Council was rubber-stamping and not making qualitative evaluations regarding the required work.

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO EXTEND THE MEETING FOR 30 MINUTES. MOTION CARRIED UNANIMOUSLY.**

Councilmember Petso suggested placing a period after "review" and deleting the remainder.

Councilmember Plunkett suggested deleting the last two paragraphs and requiring staff to work within the management reserve. If a project gets close to exceeding the management reserve, staff can request more.

Council President Peterson commented the last two paragraphs offer better opportunity for the Council to get information. Councilmembers are not engineers or construction experts; to review change orders on their merits is a slippery slope toward micromanagement. The last paragraph is a good reminder to citizens, Council and staff that there is a budget authority and if it appears the budget authority will be exceeded, staff must come to the Council.

Mayor Cooper explained when change orders come to him, they are managed very conservatively and staff needs to explain why the change order is needed. He assured the Council that was how he would continue to manage change orders.

Mr. Taraday commented there is some ambiguity between the statement “any change order which puts the total of change orders on a project over the designated management reserve” and the final paragraph, “in no event may the budget authority for a project be exceeded without prior City Council approval.” Mr. Williams explained in the more lengthy policy he proposed there was a definition of the construction budget for a project which is more than the contract award. The construction budget includes the contract award as well as inspection and geotech services, the City’s internal costs to manage the project, etc. His understanding was that was the project budget in the more simplified version of the policy.

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCILMEMBER PETSO, TO APPROVE THE PROPOSED CHANGE ORDER POLICY WITH THE FOLLOWING CHANGE: PLACE A PERIOD AFTER “REVIEW” AND DELETE “AND APPROVAL” AND THE LAST PARAGRAPH THAT READS, “IN NO EVENT MAY THE BUDGET AUTHORITY FOR A PROJECT BE EXCEEDED WITHOUT PRIOR CITY COUNCIL APPROVAL.”**

Councilmember Fraley-Monillas spoke in favor of the Council approving a change order policy tonight, noting the proposed policy is better than nothing and it can be revised as necessary in the future.

**COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER PLUNKETT, TO DELETE THE PARAGRAPH THAT READS, “IF CITY COUNCIL APPROVAL IS REQUIRED FOR A CHANGE ORDER, BUT CIRCUMSTANCES REQUIRE A SPEEDIER APPROVAL, THE MAYOR IS AUTHORIZED TO APPROVE THE REQUIRED WORK PROVIDED THAT THE CHANGE ORDER IS PLACED ON THE NEXT CITY COUNCIL AGENDA FOR REVIEW AND APPROVAL” AND THE FINAL PARAGRAPH THAT READS, “IN NO EVENT MAY THE BUDGET AUTHORITY FOR A PROJECT BE EXCEEDED WITHOUT PRIOR CITY COUNCIL APPROVAL.”**

Councilmember Wilson recalled in the Haines Wharf project, expenditures exceeded the appropriation for that project and multiple change orders were approved without Council notification or consent while the administration was saying there were no problems. Allowing the mayor to approve work when circumstances require a speedier approval allows administration to act without appropriation authority which is what occurred with Haines Wharf. The goal is to tighten up authority, allow for better management of projects and allow increased flexibility in the future as appropriate. In light of what has occurred, it is best to start with a clear, concise policy for change orders that provide tools for oversight.

Councilmember Plunkett pointed out the amendment keeps the Council in the process. The main motion takes the Council out of the process. The amendment appropriates funds for a project and provides for a management reserve. If the reserve gets low, staff can request additional management reserve.

Council President Peterson understood the reasoning behind the amendment but in real world scenarios it could end up costing the city much more. He did not foresee circumstances requiring a speedier approval

would occur often and other changes that have been instituted such as the quarterly Public Works reports would alert the Council. The ability to manage projects without that provision was great in theory but was not practical. If there are abuses, the policy can be amended. There needs to be trust with the administration and City staff. He did not agree with making policy based on a worst case scenario.

Councilmember Bernheim did not support the amendment. He understood the concern but agreed with Councilmember Fraley-Monillas' suggestion that the policy could be amended in the future if necessary. He wanted to preserve the engineer's ability to address emergencies in the field. Not allowing staff to respond to emergencies is not prudent. His primary concern with the Haines Wharf project was not approval of change orders but notice of change orders. He pointed out it was unknown how the Council would have voted with regard to approving the Haines Wharf change orders but certainly the Council would have liked to be informed. He planned to propose an amendment that the circumstances have to be described to the Council.

Councilmember Fraley-Monillas did not support the amendment for the reasons Council President Peterson and Councilmember Bernheim stated.

Councilmember Petso commented it was not her intent to take Council out of the process; she wanted the Council to be notified.

**THE VOTE ON THE AMENDMENT TO THE MOTION FAILED (2-5); COUNCILMEMBERS WILSON AND PLUNKETT VOTING YES.**

**COUNCILMEMBER BERNHEIM MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO AMEND THE PARAGRAPH TO READ, "IF CITY COUNCIL APPROVAL IS REQUIRED FOR A CHANGE ORDER, BUT CIRCUMSTANCES REQUIRE A SPEEDIER APPROVAL, THE MAYOR IS AUTHORIZED TO APPROVE THE REQUIRED WORK PROVIDED THAT THE CHANGE ORDER AND A WRITTEN STATEMENT OF THE SPECIAL CIRCUMSTANCES REQUIRING SPEEDIER APPROVAL IS PLACED ON THE NEXT CITY COUNCIL AGENDA FOR REVIEW. THE VOTE ON THE AMENDMENT CARRIED UNANIMOUSLY.**

Councilmember Wilson commented although the policy is well intentioned, the most important thing the Council as a legislative body can do is control the purse strings. This policy gives the administration the unprecedented ability to spend an unlimited amount and simply inform the Council.

Councilmember Plunkett commented the proposed policy is the opposite of the intent. He understood that some Councilmembers simply wanted notification. His intent was for the Council to have some authority over extra expenditures on projects.

Councilmember Fraley-Monillas expressed support for the motion as amended. It is a good start and better than nothing. If situations arise where there authorization is abused, the policy can be revised.

**THE VOTE ON THE MAIN MOTION AS AMENDED CARRIED (5-2); COUNCILMEMBERS PLUNKETT AND WILSON VOTING NO.**

Mr. Williams explained it was staff's intent to insert the change order policy in the City's purchasing policy in the Public Works procurement section.

Councilmember Petso expressed hope that some of the controls in the policy Mr. Williams proposed would become department practice.

12. **DISCUSSION AND POSSIBLE ACTION REGARDING BD1 RETAIL ONLY ZONE. (PUBLIC COMMENT WILL BE RECEIVED.)**

This item was postponed to a future meeting.

13. **COMPENSATION CONSULTANT UPDATE.**

**COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO EXTEND THE MEETING UNTIL 11:00.**

Councilmember Wilson asked whether it was necessary for the Council to consider this item tonight. Council President Peterson responded this is the RFQ/RFP to address changes requested by WCIA. If it is not approved tonight, it is unlikely the work can be completed by the end of the year.

**UPON ROLL CALL, MOTION CARRIED (4-2); COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS PETSO, FRALEY-MONILLAS, AND COUNCILMEMBER PLUNKETT VOTING YES; AND COUNCILMEMBERS BERNHEIM AND WILSON VOTING NO. (Councilmember Buckshnis was not present for the vote.)**

Councilmember Wilson commented the Public Safety & Human Resources Committee discussed this seven months ago; there has been ample time in the interim for this to come to the Council.

Parks & Recreation Director/Interim Human Resources Director Carrie Hite reviewed the process to date:

- December 7, 2010: Council voted to authorize \$50,000 to hire a Compensation consultant to complete a non-represented compensation policy review.
- June 21, 2011: Council voted to direct staff to advertise an RFQ/RFP for a Compensation and Classification Study.
- August 10-September 2<sup>nd</sup>: RFQ was published

She reviewed the three phases in the RFQ:

Phase 1: Review and update of all City job descriptions

- Last update 1997
- Required as part of WCIA audit of Human Resources in 2010
- Extension granted until December 2011
- Need to complete this year

Phase 2: Analyzing and updating current non represented employee's compensation policy.

- Includes review and analysis of current policy, comparable jurisdictions, internal equity issues, salary compression issues, and creating a classification system that can be maintained on a long term basis

Phase 3: Conduct comprehensive salary comparison survey for 40 non-represented employees.

- Includes market based survey for salaries, benefits, staffing levels, and span of control
- Internal salary analysis to ensure equity

The City received 10 proposals; costs ranged from \$19,000 to 95,000. Council had the opportunity to review proposals in the Council office. After thorough staff review, staff recommends further evaluation of 2-4 firms. A table of the firms, cost per phase, experience, and recommendation was included in the Council packet.

Ms. Hite relayed staff recommendation:

1. Committee interview up to four firms
2. Reference checks on final firm (s)
3. Council discuss completion of phase 1, 2, and/or 3

4. Give staff guidance to proceed
5. Enter into an agreement for phase 1 but select a firm who could competently and effectively complete phases 2 and 3 in the future
6. Award of contract on October 18<sup>th</sup> or 25<sup>th</sup>

**COUNCILMEMBER WILSON MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE THE RECOMMENDED ACTION.**

**COUNCILMEMBER PLUNKETT MOVED TO ADD TO THE DESCRIPTION OF PHASE TWO SO THAT IT READS, "INCLUDES REVIEW AND ANALYSIS OF CURRENT POLICY, COMPARABLE JURISDICTIONS, INTERNAL EQUITY ISSUES, SALARY COMPRESSION ISSUES, AND CREATING A CLASSIFICATION SYSTEM THAT CAN BE MAINTAINED ON A LONG TERM BASIS BY REDUCING SALARIES." MOTION FAILED FOR LACK OF A SECOND.**

Councilmember Buckshnis observed the last update was in 1997; the 2010 Human Resources audit required it be completed by December 2011; and the Council is making a decision in October 2011. Ms. Hite explained the issue arose in a WCIA audit in fall 2010 and a proposal was brought to hire a compensation consultant and the Council authorized \$50,000 for the study.

Councilmember Bernheim advised he will not support the motion. He voted against the compensation consultant previously on principle that the City's employees should be able to handle this work.

Council President Peterson advised this item was scheduled on a previous agenda but was postponed due to staffing changes. He advised Councilmember Fraley-Monillas has agreed to participate with staff and him on the interview committee.

**THE VOTE ON THE MOTION CARRIED (6-1); COUNCILMEMBER BERNHEIM VOTING NO.**

#### **14. MAYOR'S COMMENTS**

Mayor Cooper reported on the Cascade Land Conservancy award ceremony he attended where Edmonds and the Edmonds Bicycle Group received the 2011 New Directions for Livable Communities award for demonstrating the innovation and cooperation required to create great communities through the adoption of a Complete Streets ordinance.

Mayor Cooper reported on the groundbreaking for the Old Milltown courtyard. He thanked Councilmember Buckshnis and others who attended who demonstrated the public-private partnerships for the project; a classic example of how City and non-profit funds can be combined.

Mayor Cooper reported October is breast cancer awareness month, Down Syndrome awareness month and Rett Syndrome awareness month. He explained Rett Syndrome is a genetic defect of the X chromosome that affects predominantly girls, affecting speech and motor skills. Proclamations recognizing these conditions will be on future Council Consent Agendas.

#### **15. COUNCIL COMMENTS**

Councilmember Plunkett requested an executive session next week regarding a personnel/legal matter. City Attorney Jeff Taraday suggested Councilmember Plunkett, Council President Peterson and he discuss it after the meeting and Council President Peterson could then schedule an executive session.

Councilmember Buckshnis announced the Halloween Howl event at the dog park on October 15 from 11:00 to 2:00 with costume judging at 1:00.

Council President Peterson recognized there have been some staffing changes recently and he respected Mayor Cooper's right to make those changes. He expressed his personal thanks to Debi Humann and the legacy she left of a dedicated City staff that are willing to go the extra mile. His interactions with her meant a lot to him as a Councilmember and helped direct his thoughts and assisted him in making difficult decisions. He thanked Ms. Humann for her 13 years of service.

**16. ADJOURN**

With no further business, the Council meeting was adjourned at 10:42 p.m.

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MIKE COOPER, MAYOR

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SANDRA S. CHASE, CITY CLERK