

June 25, 2020

MEETING HELD TELEPHONICALLY DUE TO THE COVID-19 PANDEMIC

Mayor Steve Sexton called the meeting to order at 7:00 p.m. with the Pledge of Allegiance. Council members present: Bill Aslett, Keith Chaplin, J. DeGloria, R. DeGloria, Scott Green, Chris Loving, and James Stavig. Staff present: Janice Burwash, Geoff Hawes, Leif Johnson, Mike Luvera, Kristen Morrison, Marv Pulst, Joe Stewart, Rob Toth, Greg Young, and Sarah Ward.

MINUTES:

Due to a technical difficulty wherein Council was not able to adequately view the agenda packet contents, a motion was made to continue the minutes of the June 11, 2020 Council meeting to the next regular Council meeting by **Councilors Chaplin/J. DeGloria**. All in favor; motion carried.

AUDIT OF BILLS:

A motion was made by **Councilors Aslett/Green** to approve Accounts Payable invoices to be paid as of June 25, 2020 in the amount of \$355,763.43, and Payroll Expenses for Pay Period Ending June 15, 2020 in the amount of \$648,707.35. All in favor; motion carried.

Councilor Aslett stated that the Accounts Payable was higher than it has been recently due to an annual fee, an ambulance fee, a quarterly charge, Skagit County voting charges, a pump that needed work, and a retainage fee that was held, being released.

PUBLIC COMMENTS:

City Attorney Leif Johnson explained that there are no public comments submitted that he is aware of. **L. Johnson** stated that members of the public may submit comments or questions by mail to City Hall at 833 S. Spruce Street, ATTN: Greg Young or by email to administration@burlingtonwa.gov, as the City still cannot hold in-person meetings.

COUNCIL COMMENTS:

Councilor J. DeGloria inquired on the amount and reason for a fine at the Sewer plant, as was discussed in an email. **Public Works Director Marv Pulst** discussed the Labor & Industries fine, which occurred after a result of an inspection of the Sewer plant where there were some minor issues with extension cords, which were not contested due to the small fine amount of a few hundred dollars.

Councilor Chaplin discussed the wearing of masks as part of economic recovery, and requested that wearing masks be made part of the public messaging to get Burlington

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back to business. **Mayor Sexton** stated that the City is working with the County to get that information broadcast to the public.

Councilor Aslett discussed issues with the Council agenda packet, where he was able to view the contents, but discovered just prior to the Council meeting that he was no longer able to. **Councilor Aslett** discussed the need to have Council able to view the Council packets and technical issues need to be addressed, especially with the current status of remote meetings. **Councilors J. DeGloria** and **Stavig** stated they are currently unable to view the agenda packet as well.

Councilor Stavig discussed his interaction with an owner of Pogozone, an internet service provider, who offered his workplace satellite internet service, as a result of the Port of Skagit County charging addition fees for their fiber internet. **IT Director Geoff Hawes** apologized for the issues related to the Council agenda packets, discussed some possible issues which may have caused them, and stated that he will be working to rectify the problems. **Hawes** discussed fiber internet, and the surcharge scenario, and stated that the City has the ability to provide fiber internet to businesses located at the Port. **Councilor Chaplin** spoke in favor of offering fiber service. Discussion was held on having a future presentation on fiber internet.

MAYOR'S UPDATE:

Mayor Sexton discussed spikes in COVID cases, which caused a delay in Skagit County applying for Phase 3 of the State's reopening plan. **Mayor Sexton** stated that any new information on reopening plans would be shared with Council.

City Administrator Greg Young discussed Skagit County's renting of the former Motel 6 on Burlington Blvd., for use as a place to quarantine COVID patients who would otherwise have no place to quarantine in isolation.

Mayor Sexton spoke in favor of Skagit County Department of Health renting the motel, the County's efficient COVID testing process, and the efforts made by the Health Department and Dr. Leibrand during the pandemic.

Councilor Green inquired about the tentative Council workshop scheduled for July, and whether it will be held. **City Administrator Greg Young** discussed evening's agenda items results being what will likely inform the decision on whether there should be that Council workshop.

SPECIAL PRESENTATION:

No Special Presentation.

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PROCLAMATION:

No Proclamation.

COMMITTEE & BOARD REPORTS:

No Committee & Board Reports.

OFFICERS REPORTS:

No Officers Reports.

UNFINISHED BUSINESS:

No Unfinished Business

NEW BUSINESS:

Budget Amendment 1 (Pre-COVID)

Finance Director Joe Stewart discussed the City Council's adopting the 2020 budget in December of 2019 by using the best information that was available at the time. **Stewart** discussed the salary and wage information in the adopted budget, which contained the 2019 budgeted amounts rolled forward for each department, and also included a "plug" number that a projection of the total cost increases that would result from negotiations. **Stewart** explained that beginning fund balances and revenues were also based on projections; expenses have been updated in the budget amendment to reflect the results of negotiations, beginning fund balances have been adjusted to reflect projected 2019 ending fund balances, and an additional analysis of revenues was performed and revenue projections were updated. **Councilor Stavig** spoke in opposition of the increase of \$170,000, and asked whether that was in addition to the \$600,000 placeholder for salary increases. **Stewart** discussed the increase which was a result not only of salary negotiations, but also a result of a "cleanup" of the personnel budgeting that needed improvement. **Councilor J. DeGloria** spoke in opposition of the budget amendment, as he believes the revenues are overstated, expenditures are understated on projections, and the amendment would generate an imbalanced budget with negative funds. **J. DeGloria** discussed the negative funds and requested the amendment be sent back due to staff to rework to the imbalance in the budget. **Stewart** discussed this budget amendment, which was staff's attempt to present a realistic budget to Council, as there were issues in the accounting department that needed to be cleaned up and addressed, and that many of the imbalances are addressed in Budget Amendment 2. **City Administrator Greg Young** discussed revenue and expenditures budgeted, which were based on projections and incomplete data, and discussed the actual beginning fund balance. **Young** discussed the Arterial Street fund, and the

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difficulty in projecting due to timing issues, matching funds, and the reimbursement basis of the funds at the Federal and State level. **Young** described efforts to get revenues and expenditures accurate through Budget Amendment 1 to help inform the budget discussions in the fall.

A motion was made by **Councilors Green/Aslett** to approve budget amendment number 1 (Pre-COVID) revising the 2020 budget with updated fund balance, revenue and expenditure projections. **Councilors Aslett/Chaplin/Loving/Stavig** in favor; **Councilors J. DeGloria/R. DeGloria** opposed. Motion carried.

Budget Amendment 2 (Post-COVID)

Finance Director Joe Stewart stated that this budget amendment is a direct result of the COVID outbreak discussed Budget Amendment number 2, which reduces departmental expenditures and adjusts revenues in response to the COVID-19 pandemic and resulting revenue shortfalls. **Stewart** discussed this being first phase of reductions that were made as an immediate response to the expected shortfalls additional budget reductions are expected as more information becomes available. **Stewart** discussed staff being charged with reducing expenditures, and the overall decrease of expenditures, which amounts to \$879,466.00 in total. Discussion was held on current difficulties of accessing the documents via the electronic Council agenda packet for this agenda item; due to these difficulties, **Stewart** reviewed fund expense reductions. Discussion was held on revenue loss estimations, the length of the recovery, the ongoing effects of COVID, and the purpose of Budget Amendment 2, which corrects the negative balances which are present in Budget Amendment 1 and is a response to the need for reduction in expenditures. Discussion was held on approving Budget Amendment 2, and revenue sources, should Council choose to adopt them. **Councilor Stavig** spoke in favor of keeping expenditure cuts in the future and looking at finding future efficiencies. **Councilor J. DeGloria** asked why there was not an adjustment on the revenues in this amendment now that there is a better picture of these numbers; **City Administrator Greg Young** discussed how there is a great number of unknowns still surrounding the revenues, but that for certainty, there are expenses being cut for the year in anticipation of less revenue. Discussion was held on revenue changes and projections.

A motion was made by **Councilors Aslett/Chaplin** to approve budget amendment number 2 (Post-COVID) revising the 2020 budget with updated fund balance, revenue and expenditure projections. All in favor; motion carried.

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Ordinance Re: SHB 1406

City Attorney Leif Johnson discussed the proposed ordinance as the State Legislature recently approved SHB 1406, which created a revenue sharing program for local governments to use tax credited against the state sales tax for housing investments. **L. Johnson** stated that the revenue may be used for acquiring, rehabilitating or constructing affordable housing; operations and maintenance of new affordable or supportive housing facilities, or, for Cities the size of Burlington, rental assistance, and that it is noteworthy that if Council were to adopt the provisions of SHB 1406, no new tax would be imposed. The revenue would simply be directed to the City, rather than to the State. In other words: local jurisdictions retain a portion of the sales and use taxes already paid, with no increased tax paid by consumers. **L. Johnson** discussed how Council has already completed the first step required under SHB 1406 by passing a resolution of intent to participate in the program during October of 2019, and that in order to participate in the provisions of SHB 1406, the City needs to pass the attached ordinance on or before July 27, 2020. **L. Johnson** reviewed the tax credit to the City, which would be 0.0073%, and that Cities with qualifying local taxes may receive up to 0.0146%, as well as a qualifying local tax is one that addresses housing, chemical dependency or mental health, among a few other closely related topics; is only aware of around 10 cities in the State that have such a tax. Burlington does not have such a qualifying local tax at this time; thus, the lower percentage applies. **Councilor J. DeGloria** spoke in favor of House Bill 1406, and asked about the allocation of the bonded portions of the taxes. **L. Johnson** stated that to his knowledge, this has not yet been put into practice, but his understanding is that the revenue that is received is bondable, so that could be either the City's portion, or collectively larger portion should the City decide to pool with the County or other cities. **J. DeGloria** spoke about the dollar amount, which would not be significant enough to address needs, but asked that the City consider pooling the funds and bonding against the entire 20 year amount so that it can be more impactful to make a meaningful difference. **L. Johnson** stated that there have been conversations within the County regarding pooling. **Councilor Green** discussed rental assistance portion as it relates to the crisis that has resulted from COVID-19; the use of the rental assistance function was discussed. **Councilor Stavig** spoke in favor of this agenda item, in particular

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affordable housing aspects. Discussion was held on this fund being a restricted fund.

A motion was made by **Councilors Stavig/J. DeGloria** to pass the ordinance authorizing the maximum capacity of a local sales and use tax to fund investments in affordable and supportive housing, to be codified at chapter 3.74 of the Burlington Municipal Code, and authorize the Mayor's signature. All in favor; motion carried.

Ordinance Establishing a Business and Occupation Tax

City Administrator Greg Young spoke regarding previous discussions of the target of \$1.166 million dollars to be derived from %75 revenue increases, and 25% staff reductions, and how the property tax increase from last fall, which resulted in the increase in revenue of \$107,000, and therefore brings the new target of \$1,000,59. **Young** discussed the proposed ordinances, content of which is mandated by the state in terms of language and uniformity of rates, and which portions of the ordinance require Council decisions.

Councilor Stavig requested that the Business and Occupation Tax and Utility Taxes be advertised to the public before Council makes a decision on either. **Councilor R. DeGloria** also spoke in favor of having these proposed taxes advertised to the public. **Councilor J. DeGloria** asked whether Mayor Sexton supports the Business & Occupation Tax; **Mayor Sexton** stated that this is a fundamental shift in revenues for the City, which will match the shift in sales tax revenues, and is one tool the City has available in order to continue to provide services in the City. **Councilor Green** discussed the Council's responsibility to be fiscally responsible, and finding ways beyond cutting costs in order to provide citizens with the services they need. **Green** discussed the businesses which the B&O tax would affect, and spoke in favor of passing the ordinance to enable the tax. **Stavig** discussed advertising the tax to the public prior to Council consideration, and how there should be a plan for implementing the tax presented to Council. Further discussion was held on which businesses a B&O tax would affect, and the current tax rates in the City. **City Attorney Leif Johnson** stated for the record that the meeting was properly published under the requirements of the law. **Councilor Aslett** commented that the tax proposal has been published in the paper several times since December, and that he has discussed it with his neighbors, but that he is not opposed to broadcasting this information again prior to Council consideration. Further discussion was held on giving the public further notice, the plan for collecting a B&O tax, and the possibility of a B&O tax making the City less desirable for businesses, and the potential ramifications thereof. **Councilor J. DeGloria** discussed a need for new revenues, but that the B&O tax would be an undue burden on businesses who are struggling due to COVID.

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J. DeGloria described sales effects, related to COVID, on local businesses, and the potential impacts of a B&O tax. **City Administrator Greg Young** discussed other cities in Washington State who currently have a B&O tax, stated that the desire to have a desirable City should outweigh the fears surrounding imposing the tax, discussed the need for additional revenue, and spoke in opposition of delaying the tax for an additional two weeks. **Councilor Stavig** discussed salaries of the City employees, a desire to respect citizens, and stated that he may be in favor of a B&O tax if it were delayed for two weeks and if a plan were presented to Council. Further discussion was held on delaying the B&O tax and an implementation plan. **Mayor Sexton** called a halt to the discussion as personal accusations were involved in the conversation, and suggested tabling the agenda item for two weeks. **Councilor Aslett** spoke of a need to have a discussion of what will occur if new revenue sources aren't implemented, the ramifications of staff cuts, and services reductions, and a desire for an outline of the B&O tax implementation. **Finance Director Joe Stewart** discussed the research he has done to determine the impacts of, and staffing and software needs for carrying out a B&O tax. **Councilor Chaplin** spoke in favor of implementing a B&O tax.

A motion was made by **Councilors Loving/R. DeGloria** to continue this item to the next regular Council meeting. **Councilors Green/J. DeGloria/R. DeGloria/Loving/Stavig** in favor; **Councilors Chaplin/Aslett** opposed. Motion carried.

Ordinance Increasing Utility Taxes

City Administrator Greg Young discussed the proposed ordinance contents, detailed the current tax rates for utilities, the State law requirements surrounding notifying the entities which furnish the utilities, and that the City already has the software required for the taxes. **Young** discussed the low income rebate and exemption programs which will be available. **Councilor Stavig** requested a postponement in order to advertise these tax proposals, spoke regarding PUD water tax increase, and the increase in the sewer rate. **Councilor Aslett** stated that the tax burden should be spread across different bodies in an equitable manner, detailed the reasons for comparably larger police and fire resources within the City, which include a large concentration of businesses, and stated he is not ordinarily in favor of increasing taxes but that the City needs to provide services to citizens and businesses. **Councilor J. DeGloria** requested that those Councilmembers who might make a motion on this agenda item, be considerate of the financial ramifications on the citizens who may be struggling due to COVID impacts. **J. DeGloria** discussed the different taxes and asked Council to consider being strategic in which utility taxes are to be raised. **Councilor Green** spoke in favor of considering the taxes, and discussed the relief programs available.

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A motion was made by **Councilors Green/Chaplin** to keep telephone utility tax at 6 percent, raise natural gas to 4 percent, electricity to 4 percent, and institute new taxation at 4 percent for cable television, 4 percent for water, 4 percent for sewer and 4 percent for storm. **Councilor Aslett** reviewed the current tax levels in the City as compared to neighboring cities, and the proposed motion would keep Burlington with low tax levels. **Councilors Loving** and **Stavig** spoke in opposition of water, sewer, and storm taxes. **Councilor J. DeGloria** discussed supporting a 1 percent increase to natural gas, a 1 percent increase to electricity, 4 percent cable television utility tax, but would not support increases on water, sewer, or storm. **Councilor Chaplin** requested an amendment to the motion to raise natural gas to 4 percent, electricity to 4 percent, cable television to 4 percent, telephone to 6 percent, and water, sewer and storm to 0 (zero) percent. Councilor Green requested clarification on the motion and second on the floor; **City Attorney Leif Johnson** discussed the need for the motion to be addressed, with a revised motion to be made afterward. **Councilors Green/Chaplin** in favor; **Councilors Aslett/J. DeGloria/R. DeGloria/Loving/Stavig** opposed. Motion failed.

A motion was made by **Councilors Green/R. DeGloria** to keep telephone utility tax at 6 percent, raise natural gas to 6 percent, electricity to 6 percent, and institute new taxation at 6 percent for cable television, 0 (zero) percent for water, 0 (zero) percent for sewer and 0 (zero) percent for storm. **Councilors Aslett/R. DeGloria/Green/Loving** in favor; **Councilors Chaplin/Stavig/J. DeGloria** opposed. Motion carried.

ICMA-RC Resolution

City Administrator Greg Young discussed the proposed resolution which would have been in the previous packet, if it had not been for an error on the part of ICMA. **Young** discussed the need for the resolution in order to for the City to be able redirect Administrator Young's retirement funds to the ICMA.

A motion was made by **Councilors Stavig/Green** to approve the ICMA-RC Participation Resolution and authorize the Mayor to sign. All in favor; motion carried.

Coronavirus Relief Funds for Local Governments

Finance Director Joe Stewart discussed the CARES Act, funds of which are allocated to State and local government, based on population, to address the COVID pandemic. **Stewart** stated that the City's portion is \$274,200, and discussed the proposed contract with the Department of Commerce, which outlines the terms and conditions, allowable uses, and methods of reimbursements.

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A motion was made by **Councilors Aslett/Chaplin** to approve contract number 20-6541C-128 between the Washington State Department of Commerce and the City of Burlington. All in favor; motion carried.

Amendment to Systems Design Contract adding COVID-19 Surcharge

City Administrator Greg Young discussed Systems Design, which is a company which is contracted to verify and collect ambulance billing. **Young** discussed the amendment which is caused by a need to track COVID-19 related transports because billing can go to different categories for insurance and Medicare, and the charge to the City would be \$3-5 per transport. **Young** discussed the City staff's negotiations of the surcharge amount, which was originally higher. **Councilor Green** spoke in opposition of the surcharge. **Young** stated that these surcharges are for transports in the months of April through June, and any extension would have to be approved through another amendment.

Further discussion was held on the amendment of the contract and the surcharge therein. **Fire Chief Rob Toth** discussed the need to track the COVID transports, which helps the City to receive CARES Act funds, and that the funds which would be disbursed to the City because of the tracking, will negate the supplemental fees.

A motion was made by **Councilors Aslett/R. DeGloria** to approve the Amendment to the Professional Service Agreement with Systems Design and authorize the Mayor's signature. All in favor; motion carried.

Wastewater Treatment Plant Outfall Evaluation and Mixing Zone Study for Sewer Operations

Public Works Director Marv Pulst discussed the City's participation in NPDES, and that a requirement of the NPDES permit is the update of the outfall evaluation and mixing zone study, the last of which was done in 1998. **Pulst** discussed the composition of outfalls and mixing zones, which is modeled by the Department of Ecology to make sure that human health and the health of the river are not compromised. **Pulst** described the evaluation which will be conducted by adding dye to the outfall into the Skagit River and monitored via photos, with data compiled for review by staff and Department of Ecology. **Pulst** discussed the plan for the review, which will be executed by Gray & Osborne for the cost of \$53,350. **Councilor J. DeGloria** inquired about the composition of the dye to be used in the study, and whether entities downstream would be informed of the dye being added to the river. **Pulst** discussed the composition of the dye solution, which is innocuous, and stated that information and awareness would be provided to those entities downstream.

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A motion was made by **Councilors Green/Aslett** to approve the Agreement with Gray and Osborne to perform the Outfall Evaluation and Mixing Zone Study and authorize the Mayor's signature. All in favor; motion carried.

Mayor Sexton discussed the tentative workshop on July 2nd, and it was the consensus of the Council that the meeting will not be held.

EXECUTIVE SESSION:

No Executive Session.

ADJOURNMENT:

Mayor Sexton adjourned the meeting at 10:04 p.m.

Joe Stewart
Finance Director

Steve Sexton
Mayor