
CITY OF SEDRO-WOOLLEY

Special Meeting of the City Council
June 14, 2017 – 5:30 P.M. – Council Chambers

ROLL CALL: Present: Mayor Keith Wagoner; Councilmembers: Judith Dunn Lee, Germaine Kornegay, Brenda Kinzer, Chuck Owen, Rick Lemley and Brett Sandström. Staff: Finance Director Nelson, City Supervisor/Attorney Berg, Fire Chief Klinger and Police Sgt. McIlraith

The special meeting was called to order at 5:30 P.M. by Mayor Wagoner.

Mayor Wagoner explained the format of the special meeting being a question and answer style. He also noted there will be a public hearing held at the regular City Council meeting beginning at 7:00 P.M.

Question and Answer Format to Discuss Proposed Library Partnership Interlocal Agreements Including the : Library Partnership ILA, Joint Development and Ownership ILA and the Library Services ILA

City Supervisor/Attorney Berg reviewed print copy available to the public and also reviewed the concept of the two entities working together to create a bigger library and development of the interlocal agreements. He reviewed each interlocal agreement highlighting specific points of interest.

Mayor Wagoner opened the floor to questions and answers.

Tom Peterson: **417 State St.** are we going to have our people taken care of and monies due them for wages?

Mayor Wagoner: That is clearly addressed in the interlocal, and we have, and that's been my line in the sand since the very beginning, that our employees would be protected and they would have an opportunity to work for the new combined library and would not lose any benefits or pay. (Partnership Interlocal Agreement Paragraph 10)

Mary Andersson: **928 Beachley Rd.**, If the ILA's are voted upon and agreed then irrespective of whether or not we can all agree on what the building should look like, what should be in it and where it should be, the ILA's will still stand, is that right, that's a binding agreement, even if we can't agree where or what we're going to build?

Berg: No, if the City Council and the District Board both approve all three ILA's then part 1 of the partnership agreement will be effective immediately. The other Part 2 of that agreement and the other two agreements don't

become effective until such time as the two bodies approve the conceptual design, location and budget.

Andersson: and if they do not

Berg: then they don't become effective.

Andersson: the ILA's will not be legally binding?

Berg: they would not be effective. I guess the question is, if they never approve them what happens, then they are not effective. So these are agreements that are completed but are conditioned upon something occurring, under your hypothetical doesn't ever occur.

Andersson: so if a bond is voted on tonight for 5 M. and we can't ever agree as to what size of library were going to have, what happens to that 5M bond?

Berg: there would be no bond issuance until after the effective date of the second Interlocal Agreement dealing with the building joint development. Bond issuance doesn't occur until much further down the road. And there is no scenario where the City Council would occur debt without the agreement, all three being effective.

Andersson: and fully effective would incorporate agreement to Part 2.

Berg: Exactly

Mayor asked for others who may have questions. With no one stepping forward Mary Andersson was allowed to continue with questions.

Andersson: on the joint predesign committee, will the citizens from Sedro Woolley actually be citizens. Who's going to appoint that, who's going to be on the design committee. I understand that the district will take care of theirs I get that, but the city, how will that be determined.

Mayor: I don't think we have decided on who those people would be but it would be

Andersson: I know, but will it be citizens of the city or can it be anybody to represent the city.

, I think.

Andersson: OK, that's good. So reciprocity, 60 days following the effective date,, the parties agree to terminate in its entirety, the April 20, 2017 agreement establishing reciprocity between the parties. However, both libraries do

not currently have reciprocity with all the other libraries in Skagit County. So how will that be affected?

Berg: Well, the paragraph 9 simply says the reciprocity agreement between the city and the district will go away. Because it's unnecessary. The question I think you are really asking is if you are a city resident, you can currently go to Burlington or Mt. Vernon. And would you be able to do that in the future. I don't know the answer to that. I would expect the answer is not until the district negotiates reciprocity agreements with Burlington and Mt. Vernon

Andersson So the district will take precedence in that situation.

Berg: It will be a district library

Andersson: Another question I have and this is germane to the city library employees and I am not asking on behalf of myself but on behalf of other employees. It says it will be no reduction in pay and my question is if the new library or the district run library has different hours that are currently available to the staff and citizens. There are certain people on staff who can only work evening hours and if those evening hours are reduced then those people will in fact be reduced in pay. So I guess I am asking, this is not a guarantee this is just a we hope so.

Berg: Well, what your asking is there a guarantee to a particular schedule and the answer is no.

Andersson: I'm really asking no reduction in pay.

Berg: I don't think you are because if the rate of pay is equivalent but the hours are not acceptable to a particular employee then the offer is for the same pay but for different times of day. This agreement does not bind the district to offer the city employee the exact same shift requires that they offer no reduction in pay.

Andersson: OK, I just wanted to be clear on that and I wanted everyone in the City limits to be clear on that too. I did have a question on the city's special historical collection. The city agrees to mark books and upon request by the City, this collection will be returned to the city and my question is returned where?

Berg: Whereever the city so chose, that's a protection that was put in there

Andersson: I understand the protection; I am just asking if anybody's thought through some of these things. And the answer is I guess the answer is no you don't know where you would ask.

Berg: I can't imagine a scenario where the city would ask for the special historical collection back personally, but that provisions in there in case in the future there is some reason folks in the city would rather have that collection housed here at city hall or the museum or wherever they might want it to be.

Andersson: I understand that the city government does not want annexation before 2032. But the city residents can by petition bring forth an annexation vote on any given ballot if they follow the proper procedures. Is that not correct?

Mayor and Berg: Yes, that is true.

Councilmember Lemley: You were asking about the city employees and how it might work. Are you talking their overall monthly as its averaged out or are you talking about their hourly wage they were getting because obviously if the hours change by 2 or 3 hours you will have a little fluctuation in their wage but that hourly rate and benefits will stay the same.

Andersson: for instance if the library is no longer opened from 4 – 8 there are certain employees that can only work from 4 to 8 and if the library is not open from 4 – 8 then those employees will be taking a reduction in pay.

Mayor: As you would if we made those changes at the city.

Councilmember Lemley do you mean in pay or in wage, cause if they are on an hourly

Andersson: yes, because those of us at the lower level are on hourly, believe me.

Mayor: I'm going to stop you one more time just to make sure someone hasn't generated a question in their mind so were sticking with the questions while they have them. Anyone else want to step up and ask a question at this time. OK, continue please, Mary.

Andersson: (ILA Building page 107 B) if the district voters approve dissolution of the district, do I also understand it correctly that if the entire county votes to establish a county wide system, in that event, all the regional libraries will be dissolved in that event of a county wide systems then all the assets will come back to the City of Sedro Woolley. Do I understand that correctly?

Berg: I haven't thought about that scenario. I'll have to think about that I think 12B clearly says that if there's dissolution, if the voters approve dissolution of the district it comes back to the city. I guess I'd have to read the statutory scheme under which you have a county wide district and what that actually does

Andersson: I think that should be considered in these documents, it should be addressed because that's a very real possibility in the next 20 years. I think we are moving closer to a county wide system every day. We've got 3 regional districts now, it's just a question of time. Don't you agree?

Berg: Well I'm from LA Conner where we did this before and we were the entity that were out saying great idea but no thank you because we don't want to lose our library because a county wide system would gobble up districts but doesn't gobble up cities. I don't speculate on the county wide vote anymore because it's failed too many times. But I do believe we are moving close to a county wide system by agreement. I think that's the more likely scenario. Well see interlibrary loan and seamless reciprocity through cooperative agreements between the different entities that run libraries before well see county wide.

Andersson: but don't you think county wide should be addressed in these documents in the event that it does happen. Don't we need to have some provision for it?

Berg: I don't know. I'll look at the statute and think about that.

Mayor: I think you could take that to the next step maybe the state will do that, maybe the federal government, I mean you could go forever on that.

Andersson: It is specified quite accurately in the Revised Code of Washington. There are provisions for it in the Revised Code of Washington. It is already established and set forth laws governing regional libraries and what happens in the county when we have a county wide system when it's already in place.

Robin Gillis **Jameson St:** I'm still confused where the money is coming from. I read the Frequently Asked Questions document updated June 7. The budget for the library 2017 was \$349,900 and amended to \$363,451, down in A-3 it says the annual budget is \$312,500. Which is quite a large decrease. In B1 refers to \$61,212 is the difference in cost approximation and in B-6 basing the money to be borrowed on the amount of \$350,000. Budget of \$312,500 plus cost difference of \$61,000 is \$373,712. I keep hearing were borrowing 5 M based on \$350,000 per year that the library spends now. Then in part B-10 it says \$30,000 per month will be put into a library construction fund which will increase funding available for the project. I want to know where all this money is coming from, because none of these numbers add up. And \$350,000 is the original number that I always heard that will pay for a 5M bond at a certain percent interest rate. I don't want an increase in my taxes so I want to know where all this money is coming from.

Berg: Excellent Question, so a couple of them do add up, if you start with A3 at 312,500, add to B1 (\$61,212) = amount represented in A2 (\$373,712) the difference between A1 (\$349,900) and A3 ((312,500) = A1, tells you what the adopted budget was for the Library Fund 105. The original budget was \$349,900. The amended budget which included some donations brought it up to \$363,451. But within that budget is a cash balance that we carry over from year to year to provide cash flow so when payables are due we can pay it the day its due not wait for revenue to come in. That's the difference between the number in A1 and the \$312,000 is the actual amount of money expended each year. So, what I'm trying to say is the amount of money spent on the library is less than the amount of the budget because the budget includes some amount of cash that stays in the fund year after year. To give the most accurate information to the City Council and the public about what will this cost that information has to be in there so that \$312,00 is the budget minus the cash and that's how you end up with that \$61,212 which is the amount of money that will cost in addition to what were currently spending to be part of this partnership. The \$350,000 number has been pretty much stagnant from the get go and that's an estimate of bond costs that hasn't changed. The 30,000 and the \$350,000 and the \$373,000, those aren't additive, they are all within a single number the maximum amount the city pays is the formula which is the districts millage rate times the city's assessed valuation. Which this year would be \$373,212. That will change every year. One of the core tenants of this concept from day one was that the city would pay exactly the same as the districts residents pay. That is where that number comes from.

Wagoner: And Robin, I'll just say because I know it's hard to keep up with numbers going out like this is, that this is all being recorded and the public will have access to the recording if you need to go back and slow it down with a piece of paper so you understand it

Gillis: How do we have to pay as much as the county or the rural has paid. Benefits are supposed to be 59/41. I thought we were supposed to pay less because we have less.

Berg: You're thinking of the provision for the capital. The building itself will be owned in that proportion and the contributions to that building for example in the construction fund and the reserve fund are in that proportion. But the overall amount the city is spending with this agreement is the same rate, so it is significantly less than the district its actually not 59/41. I think the districts going to be spending probably more like \$2.50 for every \$1.00 we spend. Their budget is closer to 1M to our \$370, 000. Just to make that clear, we're paying the same rate. If you own a house in the district what you as a taxpayer pay is the same as what

the city's would be paying for you in the city. It's just that the city is paying on your behalf whereas the district resident is writing that check directly to the library district each year.

Gillis: So you're saying I'm paying the same as the district

Berg: Same rate

Gillis: I'm paying the same rate but the total dollars are less not giving them the difference, they're putting in \$800,000 and were putting in \$400,000 were not paying \$800,000. We're paying what we're paying.

Berg: Right, it's the reverse. If you look at this year's budget the city would be in at \$373,000 and the district overall budget is about \$825,000.

Gillis: But since we haven't merged together yet, why does that matter if they're paying more for their library usage than were paying for ours.

Berg: I'm not saying that it matters, I'm just trying to answer your question about the relative costs going in.

Gillis: So were never paying the difference, that is going to make us pay the same amount of money.

Berg: It's theoretically possible if somehow the city experienced a massive growth. A Costco came to town and several thousand luxury homes were built and the assessed valuation equaled the districts then the amount we pay would actually be the same as the district residents pay. The formula changes and it depends on the tax valuation assessment in any given year. I think it's unlikely, based on the city's perspective, I hope we do have great fortune in the future and we see that dollar value go up because our city becomes more prosperous then in the past.

Gillis: Then do you know when we will know actual numbers on any of this stuff like how much moneys actually going to go into the project, how big the buildings going to b, where the location is, when will we actually get to know that.

Berg: The city dollar amount is a formula, that if this were in effect this year that is the actual number. And well know what it will be in 2018 when we get the numbers from the assessor's office towards the end of 2017. In terms of other actual cost of the new library, that happens at the end of the predesign process, so if the city council and the district board approved these three agreements that would happen potentially in July of this year, I could imagine the predesign process wrapping up in October or November

of this year. So that's when that information for the new library proposal, that is the size, the concept, budget and location, would be known.

Gillis: Is the public going to have any input about any of that stuff?

Berg: Yes, the architects will have, I'm thinking back to what we had in our agreement with them, I think we have two specific meetings that are intended for the public process and there will be other ways to provide input to the architectural team about components of the project. So yes. And then ultimately the architect will come out with a report that says we've been in the community and we've talked with the citizens and we've talked with the Library patrons, we've talked with the stake holders and here's what we're recommending. And that's what the committee takes to the Council and the board.

Gillis: And none of this will happen, if I'm correct, this is public forum number 3 and there will be another one July 12th but we won't have the architect present at any of those meetings. It's not going to happen until later.

Berg: That's correct

Gillis: and then the architects will give us another public forum.

Berg: At least two public meetings. Two additional public meetings beyond those 4 that you're talking about. From the City Councils public participation resolution.

With no other questions, Mayor Wagoner closed the special meeting at 6:20 P.M.