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CITY OF SEDRO-WOOLLEY  
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Council Worksession  
October 4, 2017  
Public Safety Training Room

Mayor Pro Tem Kinzer called the meeting to order at 7:02 P.M.

Roll Call: Mayor Keith Wagoner, Councilmembers Judith Dunn Lee, Germaine Kornegay, Brenda Kinzer and Rick Lemley. Staff: City Supervisor/Attorney Berg and Finance Director Nelson. Audience Members: Pola Kelley.

The mayor led the Flag Salute.

**2017 Estimated Revenues Status and 2018 Preliminary Estimated Revenues and Expenditures**

- Mayor Wagoner introduced the first item on the agenda and turned the meeting over to Finance Director Nelson for a review of the current status of revenues and expenditures for 2017 and estimates for 2018.

Nelson discussed the status of the 2017 budget and current economic conditions. Interest rates are up, nearly doubled from last year. Housing starts are currently at 118 residential units under construction. The state took most of the marijuana enforcement revenue which resulted in a significant reduction. Also down for 2017, cell phone utility taxes which continue a decreasing trend as the tax exempt data portion increases and the taxable phone portion decreases. 2017 expenditures are on track with 2017 budget. Specific 2017 revenues highlighted included sewer connections (2012 = 20; 2017 = 118 ERUs). Related building permitting, inspecting, sales tax and impact fees are all increased as a result of construction activity. Unfortunately, this is not a sustainable and predictable source of new revenue as was abundantly clear in 2008.

Property tax revenues for new construction lag the actual new construction by about a year. New construction property taxes for 2018 are estimated at about \$14,000. A one percent increase is approximately \$18,000 in 2018. The city council has not increased property taxes since 2009 and lowered taxes by 2% in 2017 (with the retirement of the public safety bond).

Sales taxes are also up in 2017, much of which appears to be linked to construction activity. 2007 sales taxes were \$1,542,464 and it wasn't until 2015 that sales taxes exceeded 2007 at \$1,563,446. 2017 sales tax revenues will likely exceed 2015 sales tax, again mostly linked to construction.

2018 requested expenditures exceed estimated revenues. The mayor's balanced budget will be presented to city council at the November worksession. City Supervisor/Attorney Berg discussed a few of the key issues in the 2018 budget.

### **Council Roundtable**

- Mayor Wagoner introduced the council roundtable. He reported Representative Eslick visited Sedro-Woolley yesterday to learn more about the city and the city's 2018 legislative requests. She will be attending the October 25, 2017 city council meeting and will be the Chamber speaker on December 6, 2017. Save Our Ships Coalition has contacted the mayor with a request to support Dakota Creek's effort to solve their Jones Act issue. Anacortes, Mount Vernon, the Port of Skagit and others have endorsed the SOSC efforts. Mayor Wagoner asked for city council support.

Councilmember Kinzer moved to endorse the Save Our Ships Coalition's efforts to support Dakota Creek. Seconded by Dunn Lee. Motion carried 4-0.

- Councilmember Kornegay is interested in increasing recycling at city events. The 2017 Loggerodeo recycling effort was successful. What options exist to increase recycling during the Christmas Parade, Loggerodeo, Blast from the Past and other events? Several ideas were discussed. Kornegay will talk with Solid Waste Supervisor Leo Jacobs and find out more.

### **Adjournment**

Without objection, the council meeting was adjourned at 7:52 P.M.