



## **Council Minutes – December 12, 2011**

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At 7:00 p.m. Mayor Dean Maxwell called the regularly scheduled Anacortes City Council study session of December 12, 2011 to order. Eric Johnson, Erica Pickett, Brad Adams, Bill Turner and Cynthia Richardson were present. Nick Petrish and Brian Geer were absent.

Mayor Maxwell introduced Recreation Coordinator Nicole Johnston who reported on the first Wonderland Walk held at Washington Park on Friday and Saturday nights. Ms. Johnston reported a great turnout both nights. She thanked Gere-a-Deli, Safeway, The Market and Le Crema for providing refreshments and also thanked those who decorated campsites including the Anacortes Boys and Girls Club, the Fidalgo Yacht Club, the Rotary morning club, the Anacortes Police Department and the Robinson family. The mayor and councilmembers agreed this will likely become a favorite annual event.

### **Croatian Club Donation of Books to City (Library and Museum)**

Jonn Lunsford of the 40-year-old American Croatian Club of Anacortes introduced two of the club's founders, Nick Mavar and Vlatko Kollega, and author Bret Lunsford to present the City with gift copies of the club's recently published book *Croatian Fishing Families of Anacortes*. Bret Lunsford said that the founders of the club, including Councilmember Petrish, had long thought that there should be a book to document this vital part of the community's history. Mr. Lunsford said the book benefited from research he conducted at the Anacortes Museum and Anacortes Library so in return the club wished to make the book available to both of those research collections. Mr. Kollega and Mr. Mavar presented two copies of the book to Mayor Maxwell. The mayor recommended the book and its wonderful photos.

### **Anacortes School District and Anacortes Public Library Presentation: All American Cities Award**

Anacortes Children's Librarian Doug Woods introduced MaryJo Christenson, Early Childhood Outreach Coordinator at Anacortes School District 103. Ms. Christenson briefly summarized the school district's programs supporting early learning including the school ready program at Whitney Early Childhood Center, a tuition-based preschool, kindergarten ready assessment, full-day kindergarten, the family resource center, the Early Learning Partners collaborative program with childcare and preschool providers in town, and coordinated programs with the Anacortes Library, Island Hospital and local service clubs. Ms. Christenson showed a video summarizing the district's investment in making students school ready and recognizing its community partners in that effort. Ms. Christenson said early learning in Anacortes has gained national attention. She noted that the two Samish Head Start classrooms are full with a waiting list and said the Anacortes Schools Foundation recently received a private donation of \$10,000 to the Early Learning Fund that will help get the wait listed children into preschool.

Mr. Woods then explained that those working on early learning in Anacortes want to apply for a prestigious All-America City Grade-Level Reading Award. The goal is to get all children reading at grade level by third grade. Mr. Woods said the award requires a community-wide effort focusing on school readiness, school attendance, and overcoming summer slippage in reading level. The community would need to create task forces to identify programs the community can provide to achieve these goals. Mr. Woods announced a meeting on January 18, 2012 at 7:00 p.m. at the ASD 103 board room. He said community members and leaders will be invited to the meeting and asked for their support and active involvement.

Mr. Turner endorsed the early learning concept, praised the district's efforts and pledged the support of his Rotary Club. Mr. Adams said he was encouraged by the coordination with the preschools in town and asked how reading level will be measured for the award. Mr. Woods said they look at 3<sup>rd</sup> and 4<sup>th</sup> grade reading tests among other data but that to apply for and win the award the community needs to demonstrate that it has a comprehensive self-sustaining plan in place. Mr. Johnson asked what role city government and City Council will play. Mr. Woods said involvement from civic leaders is very important to win the award. Mayor Maxwell said the existing partnership between the school district and the library is a good start. Mrs. Richardson agreed with Mr. Adams on the importance of reaching out to all the various adults who work with and care for young children to develop provider skills. Mr. Turner and Mrs. Richardson commented on efforts by Anacortes organizations to get books into the hands of children.

## **Finance Update**

Finance Director Steve Hoglund provided a year end update on the city's financial position. He first reviewed sales tax, the largest revenue stream in the General Fund. Mr. Hoglund said sales tax revenues year-to-date through November are already at 116% of the total budgeted for the year and are up 10% over the same point last year. Next Mr. Hoglund reported that Real Estate Excise Tax (REET) revenues are at 78% of budget year to date and are 48% below the same point last year. He noted that since REET funds public works projects fewer of those projects have been budgeted in recent years. Next Mr. Hoglund reported on impact fees which are restricted for park and street projects. He reported that the number of building permits is up this year but the size of the projects is down so impact fees are at 60% of budget year to date and down 16% from the same point last year. However he said the increase in single family residence permits is good news for the economy locally and nationally.

Mr. Hoglund then summarized General Fund revenues and expenditures by category through November. He said overall tax revenue of all types is at 100.5% of budget. License and permit revenue is at 94.5% of budget. Intergovernmental Revenues (including liquor taxes and profits) is at 75% but does not reflect the fourth quarter installment so should end the year near budget. Charges for goods and services (primarily overhead accruals) are at 79.5% but do not yet reflect year end reconciliation adjustments. Fine and forfeit revenue is at 114.4% of budget. Miscellaneous revenues, primarily interfund charges for Information Technology, are at 100.3%. Overall, said Mr. Hoglund, General Fund revenue is at 92% of budget at the end of November, right on target. General Fund expenditures through December 7, 2011 are at 94.7% of budget. Mr. Hoglund concluded that by year end both revenues and expenditures should be right at budget for the General Fund.

Mr. Hoglund then reviewed year to date revenues and expenditures in the other funds. He noted that some funds appear out of balance due to year end revenues or expenditures that have not occurred yet. He advised that a 4<sup>th</sup> quarter budget amendment will address changes in a few of the funds to recognize unanticipated grant revenue and expenditures and some reallocation of expenditures between funds. In response to a question from Mr. Adams, Mr. Hoglund explained that Water Fund 401 appears out of balance because the actual expenditures for the Water Treatment Plant Improvement Project are shown but the corresponding revenue from last year's bond issue is still in the fund balance. Mr. Turner asked where the City will stand in 2-3 years if the economy continues on its current course. Mayor Maxwell said the city is doing fine. He warned that the state has a budget shortfall that will likely cut revenue for cities but said Anacortes always has a balanced budget and lives within its means. He acknowledged that the situation is very dynamic and said staff is monitoring and responding as required. Mr. Johnson said the Finance Committee is expecting an increase in REET next year. Mr. Hoglund discussed some of the trending tools used to project revenues for future years. The mayor said single family home starts are a widely used indicator of economic health and that indicates some recovery is underway.

Mr. Hoglund then reviewed the proposed year end budget amendment. Parks Fund 101 will need an amendment of \$25,000 to recognize state grant funding for the Depot project and related expenditures. Street Maintenance Fund 104 will need an amendment of \$80,500 to recognize the additional work the street maintenance crew was able to accomplish this year which will be covered by cash reserves in that fund. Arterial Street Construction Fund 105 will need an amendment of \$748,173 to recognize expenditures for the Old Brook Lane project and corresponding grants and general facilities charges from utility funds to pay for it. Washington Park Fund 107 will need an amendment of \$18,000 to cover increased activity and tax liability at the park which will be covered by a transfer from the General Fund if needed. Real Estate Excise Tax Fund 335 will need an amendment of \$57,306 to transfer REET funds into the General Fund to pay for the police station boiler and City Hall elevator. Mr. Hoglund noted that new state legislation allows REET to be used for maintenance on existing capital facilities. Finally, Ambulance Service Fund 110 needs an amendment of \$22,000 for additional callback costs and unreimbursed supplies which will be covered by a transfer from the General Fund. Mr. Hoglund said if no other changes arise an ordinance adopting this budget amendment will appear on the consent agenda for December 19. Councilmembers concurred.

There being no further business, at approximately 8:10 p.m. the regularly scheduled Anacortes City Council study session of December 12, 2011 adjourned.