



Minutes of the Arlington City Council Retreat

Council Chambers
110 East Third Street
Saturday, April 10, 2021

Councilmembers Present: Mike Hopson, Marilyn Oertle, Debora Nelson, Don Vanney, Jan Schuette, Jessica Stickles and Michele Blythe.

Council Members Absent: None.

Staff Present: Mayor Barb Tolbert, Paul Ellis, James Trefry, Sarah Lopez, Kristin Garcia, Bryan Terry, Jim Kelly, Dave Kraski, Marc Hayes, Dave Ryan, City Attorney Steve Peiffle, and Wendy Van Der Meersche.

Also Known to be Present: Heather Logan

City Attorney / Facilitator Steve Peiffle, began the retreat with an overview and process explanation. At his request, each councilmember stated their expectations of the retreat. Mr. Peiffle introduced City Administrator Paul Ellis. Mr. Ellis stated that a shooting occurred early this morning, and distributed a press release.

AGENDA ITEMS FROM POWERPOINT PRESENTATION – NO ACTION WAS TAKEN

Strategic Priorities and Objectives

City Administrator Paul Ellis reviewed the City's priorities and objectives, which outlines each department's projects and status of their completion. Discussion followed with Mr. Ellis answering Council questions.

2022 Budget Modifications

Finance Director Kristin Garcia reviewed 2022 Budget Modifications and Revenue Assumptions from the General Fund.

2022 Budget Modifications – Revenue Assumptions

Modified revenue reduction = \$2.3 million

- Property tax levy reduction to \$.75
 - 2021 levy rate is \$1.34
 - 2022 revenues projected to be \$2.6 million from \$4.4 million
- Fire related grants/donations
- Removed EMS contribution toward debt service
- Fee for service revenue reductions
 - EMS - accounting/admin cost allocation
 - Fire services to the Airport

2022 Budget Modifications – Revenue Assumptions

	2022 Adopted Budget	2022 Modified Budget
Taxes	14,439,914	12,652,564
Licenses/Permits	303,552	303,552
Intergovernmental	618,725	593,725
Charges for Services	1,956,239	1,577,591
Fines/Forfeits	172,900	172,900
Miscellaneous	81,550	80,450
Transfers	1,159,782	1,004,900
Total	18,732,662	16,385,682

2022 Budget Modifications – Expense Assumptions

Modified expense reduction = \$2.1 million

- Reinstated 2 unfilled positions
 - Communications
 - M&O
- Removed fire department budget
- Increase in police department costs
 - Jail costs
 - Dispatch services

2022 Budget Modifications – Expense Assumptions

	2022 Adopted Budget	2022 Modified Budget
Legislative	213,394	213,394
Executive	1,241,509	1,334,009
Memberships	132,200	132,200
Finance	1,244,154	1,244,154
Legal	85,000	85,000
Personnel	255,098	255,098
Information Tech.	524,531	524,531
Police	8,298,322	8,665,748
Fire	2,652,862	0
Other/Misc.	114,472	114,472
CED	1,949,280	1,949,280
Debt	1,201,192	1,201,192
Transfers	1,877,551	1,957,551
Total	19,789,565	17,676,629

2022 Budget Modifications**Summary**

- Revenue reduction of \$2.3 million
- Expense reduction of \$2.1 million
- Fund balance maintained at approximately 1.5 months of operating expenses

- Ending fund balance original 2022 budget = \$2.33 million
- Ending fund balance modified 2022 budget = \$2.10 million

Discussion followed with Ms. Garcia answering Council questions.

Fire Annexation – Review of Financial Obligations

Finance Director Kristin Garcia reviewed the Fire Annexation financial obligations.

Fire Annexation Revenue Summary

- The ambulance utility fee will end 8/1/2021
 - August through December 2021 = \$641,000
- Arlington EMS levy will end on 1/1/2022
 - 2022 Arlington EMS levy is \$1,050,509 and is replaced with NCRFA EMS Levy
- All transport revenues, district contracts and GEMT revenues will be collected for services up to 7/31/2021
- Arlington general property tax levy will be reduced in 2022

Summary of Financial Obligations

- 2021 August – December remaining Fire/EMS budgets
 - Paid the second Monday of each month
 - Rough estimate \$550,000 per month
- Employee leave
 - Calculate balances as of 7/31/2021
 - Paid by 12/31/2021
 - Currently about \$500,000
- Reserve contribution
 - Paid by 5/31/2022
 - \$1,000,000

Sales Tax Information

Finance Director Kristin Garcia reviewed the Fire Annexation financial obligations.

- **Sales Tax Overview**

Total sales tax revenues grew by 70% or \$2,613,391 comparing 2015 to 2020

YEAR	TOTAL
2015	3,749,211
2016	4,063,512
2017	4,348,275
2018	4,859,868
2019	5,882,663
2020	6,362,602

- **Sales Tax Overview**

Of the 70% overall growth in revenue between 2015 and 2020, retail sales tax represented 47% of the growth and construction sales tax represented 37% of the growth.

YEAR	RETAIL	CONSTRUCTION
2015	2,018,412	352,800
2016	2,175,842	498,757
2017	2,335,849	565,934
2018	2,659,849	549,203
2019	2,908,740	1,190,165
2020	3,254,139	1,329,224
\$ Change	1,235,727	976,425

- **Sales Tax Overview**

The remaining 16% of overall growth in sales tax revenues came from the following categories combined.

YEAR	Manufacturing *	Services	Wholesale	Other**
2015	95,156	898,093	242,432	142,318
2016	83,258	880,932	270,013	154,710
2017	105,237	932,457	302,347	106,509
2018	133,786	1,037,950	313,515	165,565
2019	120,287	1,138,148	336,584	188,739
2020	95,337	1,152,465	336,960	194,476
\$ Change	180	254,373	94,528	52,158

* Cascade Industrial Center (CIC) will increase this over time

* Other is wireless/cable/phone companies, agriculture and transportation

- **2020 Lodging Tax Grant Carry Over**

- Grants awarded in 2020 were allowed to carryover unspent funds to be applied toward the event in 2021
- Of the 15 grant awards, 4 are complete the rest requested unspent funds be carried over
- If all events with unspent funds occur in 2021, the expected grant carryover to be paid out is \$110,000
- What if the event isn't held in 2021?

- Carryover unspent portion into 2022?
- Grantee will need to reapply in 2022 as a new grant?

Staff Recommendation: Applicants reapply for new grant 2022.

Discussion followed with Ms. Garcia answering Council questions.

American Rescue Plan

Mayor Tolbert reviewed the American Rescue Plan.

- **Expected Timing of Payments**

- Distribution will be through the State
- Expected distribution between \$3.7 - \$4.4 million
- Unknown if payments will be “lump sum” or reimbursement based
- If lump sum, distributions expected in two installments
- First installment by June 9th
- Second installment twelve months after first payment

*Guidance from MRSC as of 3/17/2021; waiting official guidance from Treasury

- **Qualifying Expenses**

- Funds available for qualifying expenses through 12/31/2024
- Qualifying expenses;
 - Respond to public health emergency caused by COVID-19
 - Provide economic assistance to households, small businesses and nonprofits impacted by COVID-19
 - To aid impacted industries such as tourism, travel and hospitality
 - Hazard pay
 - Revenue recapture for providing government services (lost revenue)
 - Investments in water, sewer or broadband

*Guidance from MRSC as of 3/17/2021; waiting official guidance from Treasury.

- **Human Services**

American Rescue Plan Funds

- Regional Approach- Snohomish County to local level
- Flexibility for agencies
- Research greatest needs
 - Mental Health
 - Mortgage assistance

Build resiliency into money going out/ wrap-around services

- Businesses
- Community members

North County Human Services Providers Group

- Needs Assessment: Mental Health Services
 - Few mental health providers
 - Difficulty finding appointments (especially for youth)

- Group will now be managed by Volunteers of America – Lynsey Gagnon
- Monthly Meetings going forward

Mental Health Social Worker Program

- 2 year pilot program
- State funded
- Social worker with paid interns
- Referrals from city departments (fire, police, code enforcement) of citizens who have need for services

Discussion followed with Mayor Tolbert answering Council questions.

Parks and Recreation Master Plan Update

City Administrator Paul Ellis reviewed the Parks and Recreation Master Plan Update.

- Current in-house plan needs update (2016-2023)
- Requesting professional guidance with consultant, estimated at \$100,000-\$150,000 (including review of park mitigation fees)
- 5 year to 20 year plan (short and long range)
- Strategy for funding of Parks and Recreation
- Review level of service (location, type and amount of park facilities)

Parks Funding Sources

- LTGO bonds: Limited tax general obligation (LTGO) bonds, issued by vote of council. General fund revenues must be pledged to pay the debt.
- Park impact fees: Must be used for publicly owned parks, open space and recreation facilities addressed in the Comp Plan. Fees charged to new housing.
- RCO grants: WA Recreation & Conservation Office grants, generally every other year, and matching funds required.
- REET 1: Real estate excise taxes (REET), City tax for capital projects and limited maintenance.

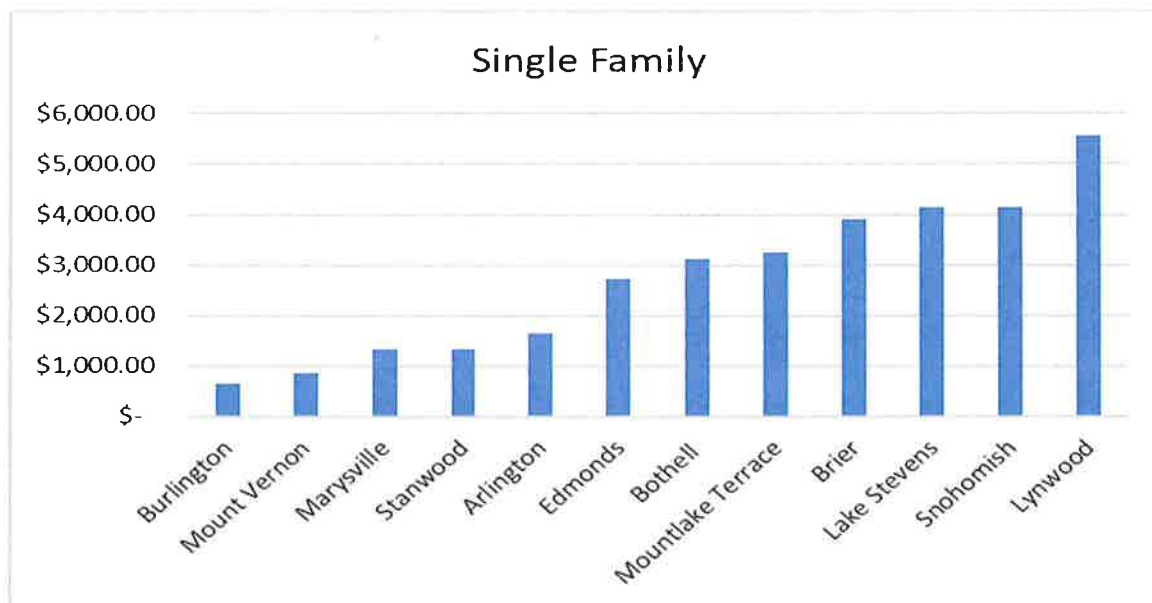
Park Impact/Mitigation Fees

- Used for publicly owned parks, opens space and recreation facilities
- Address in capital facilities element of Comprehensive Plan
 - Identify deficiencies in public facilities serving existing development and means to eliminate deficiencies
 - Identify demands placed on the existing facilities by new development
 - Identify need for additional facilities/ improvements
- Charged to residential construction
- Can be also charged to commercial or industrial developments, employees can directly benefit from nearby parks and recreation facilities

Opportunity for Impact / Mitigation Funds

- Update Fees
- Include Commercial Park Impact/Mitigation Fee

Per unit	single family	duplex	Multifamily	Commercial per square ft
Burlington	\$ 655.00		\$ 655.00	\$ 0.50
Mount Vernon	\$ 855.00		\$ 789.00	no fee
Marysville	\$ 1,328.00		\$ 938.00	no fee
Stanwood	\$ 1,330.00	\$ 1,042.00	\$ 1,042.00	no fee
Arlington	\$ 1,662.00		\$ 1,497.00	no fee
Edmonds	\$ 2,734.05		\$ 2,340.16	\$ 1.34
Bothell	\$ 3,119.91		\$ 1,478.80	\$ 1.04
Mountlake Terrace	\$ 3,240.00		\$ 3,242.00	\$ 1.20
Brier	\$ 3,907.92		n/a	no fee
Lake Stevens	\$ 4,154.92		\$ 3,004.75	no fee
Snohomish	\$ 4,150.00		\$ 3,600.00	no fee
Lynwood	\$ 5,553.69	\$ 4,440.77	\$ 3,990.33	\$ 2.82



Discussion followed with Mr. Ellis answering Council questions. Council agreed that staff move forward with the Parks and Recreation Master Plan update.

Community Park at Smokey Point

Community and Economic Development Director reviewed a potential community park at Smokey Point.

Potential Community Park/Civic Space along Smokey Point Blvd

Park Acquisition - Option 1: \$2.9 million

Knutson property 3.56 acres

- Adequate space for community park/civic space
- Could be subdivided to allow for re-sale of a portion of the property

- Single family residence on property which could provide income until the site is developed
- 220 feet of frontage along Smokey Point Blvd requiring parking on site
- Payment options lump sum or financing over 20 years at 5% interest

\$1.7 million park mitigation funds

\$1.2 million other funding

An additional \$2 million for park development

Park Acquisition – Option 2: \$1.2 million

Christian Missionary Alliance Church property 2.23 acres

- Approximately 680 frontage along Smokey Point Blvd allowing for street parking
- Abundant parking and accessibility without loss of usable onsite area
- Width could limit its ability creating a shallow, more linear design
- Payment lump sum

\$1.2 million park mitigation funds

An additional \$2 million for park development

Park Acquisition – Option 3: \$2.3 million

Combination of Option 1 and Option 2

- All of church property 2.23 acres and half of Knutson property 1.78 acres
- Provides more visibility and street frontage than the church property
- With the addition of the Knutson property it will allow a wider parcel to increase site functionality
- Adequate room for future amenities

\$1.7 million park mitigation funds

\$600,000 other funding

An additional \$2 million for park development

Discussion followed regarding funding, First Right of Refusal offer(s), a tie into the Parks and Recreation master plan, and a maintenance plan, with Mr. Hayes answering Council questions. Council agreed that Mr. Hayes would continue negotiations on park property.

Facilities

City Administrator Paul Ellis reviewed Facilities.

Facilities – M & O / Police Impound

- Completed structural engineers review of the compost facility (proposed location).
- Completed programing and needs assessment in DRAFT.
- Next step, complete design and project cost estimate.
- Next step, complete bid documents, select contractor and construct.
- Complete in 2022.

Facilities – Maintenance Projects

- Security system improvements City Hall.
- Carpet replacement, Police Station and portions of City Hall.
- Window replacement schedule City Hall.
- Next steps, cost estimate to City Council.

Facilities – Library

- Currently Library facility is owned by COA and operated by Sno-Isle.
- Operations is funded by a Sno-Isle max \$.50/1000 property tax residential.
- Facility Maintenance is funded from COA General Fund.
- Estimated \$200,000 in repairs needed prior to re-opening.
- Other Deferred Maintenance.
- Maintenance responsibilities
 - City responsibilities?
 - Sno-Isle responsibilities?
 - Shared responsibilities?
 - Transfer all responsibilities to Sno-Isle?

Discussion followed with Mr. Ellis answering Council questions. Council agreed that staff move forward. City Attorney Steve Peiffle stated an ordinance would require approval to repeal AMC 2.62, which created the Library Board.

Airport Development Plan

Airport Director Dave Ryan reviewed a proposed Airport Development Plan.

Request:

To develop a plan for the organized growth of all airport properties

- Very large and complex effort that will require the services of a professional development consultant
- Plan will be consistent with the City's Comprehensive Plan Update and the Airport Master Plan Update
- Chart a detailed course for the future growth of the airport
- Planning Window: 10 years
- Planning Elements: Infrastructure – water, sewer, roadways, electrical, natural gas, stormwater, communications (telephone/fiber/wireless)
- Collaborative Effort: Airport, Public Works, Community & Economic Development, and IT departments.
- Budget: Airport Professional Services (consultant)

Need:

- Similar to developing the City's "Focus Areas" in previous Council Workshops and retreats, an Airport Development Plan will focus on what infrastructure is there, what is not and what is the best way to move forward in developing this infrastructure.
- We've made major changes to the airport owned properties over the last seven years.
- Many new developments on airport property or by private investment.
- An Airport Development Plan will also help identify areas to ensure the "highest and best" use for any particular property.
- As Snohomish County continues to grow at a very fast pace, our development plan will help us make decisions on which areas to develop first, when to develop other areas, and how to budget Airport and City resources to meet these requirements.

- Additionally, an Airport Development Plan will assist us in “dove-tailing” the upcoming Airport Master Plan Update with the City’s Comprehensive Plan Update.

Discussion followed with Mr. Ryan answering Council questions. Council agreed that staff move forward.

Council Meetings and Workshops

Currently

- Currently 2 Business Meetings and 2 Workshops per month.
- Fifth Monday used for joint meeting.
- Items

Discussion

- Reduce Workshops to one.
- Convert second Workshop to Strategic Planning Meeting.
- Larger block of time for discussing larger items.
- Smaller and routine items go directly to Business Meeting.

Discussion followed with Mr. Ellis answering Council questions. Council agreed for staff to move forward. The new schedule will take place in September after the summer break.

Fireworks Communication and Emphasis Patrol

Communication

Community Revitalization and Communications Manager Sarah Lopez reviewed how the City will manage Communications regarding the ban on fireworks in the City limits, which will begin in July 2021.

- Statement from City- Arlington Update May
- E-newsletter and website and TV21
- Statement on utility bills
- Social Media sites and Facebook groups
- Homeowners Associations
- Press Release
- Electronic Reader Boards

Promote City’s Firework Display event

Emphasis Patrol July 4, 2021

City Administrator Paul Ellis reviewed how the police department will manage patrol.

- Supervisor 6pm to 2am
- Four Patrol Details 6pm to 2am
- All 911 firework calls routed to supervisor.

Analysis

Firework related calls to Marysville increased by 188% first year of the ban.

- Arlington could go from 20 firework calls to 40 calls on July 4, 2021.

Blue Line / Red Line Flags

City Administrator Paul Ellis distributed memos he received from Police Chief Jonathan Ventura and from Fire Chief Dave Kraski, regarding the display of Blue Line and Red Line flags. In each memo, the Chiefs' recommendation stated that ownership should be transferred to a local community support group.

Discussion followed with Mr. Ellis answering Council questions. There was a recommendation for banners to be displayed across Olympic Avenue to recognize public service weeks.

Parking Lot, Wrap up and Further Action Plans

The possibility of hiring an employee in the future to implement the Housing Action Plan was discussed.

Amazon and the City issued press releases regarding Amazon's move to Arlington for construction of a distribution center. Mr. Ellis indicated that a statement with talking points will be provided to staff and councilmembers that will also include the status of widening 172nd Street.

The topic of problems in parts of the country regarding police force was brought up. Mayor Tolbert recommended the City wait until after legislature, to see if any state laws change.

ADJOURNMENT

The Council Retreat was adjourned at 2:44 p.m.



Barbara Tolbert, Mayor