

**RECORD OF THE PROCEEDINGS
SKAGIT COUNTY BOARD OF COMMISSIONERS
Monday, September 14, 1998**

9:00 a.m. – 9:15 a.m. Public Comment Period.

**CONSENT AGENDA
MISCELLANEOUS**

9:30 a.m. – 10:00 a.m. Consideration of Request for Reconsideration submitted by Friends of Conway Country Living and Wayne and June Kite of Preliminary Plat Approval of Richard Bertelsen (PL97-0200) for Property Located on Starbird Road.

*T 10:00 a.m. – 10:30 a.m. . Human Services Department Quarterly Report.

11:00 a.m. – Noon Work Session – Customer Service Program Review.

1:30 p.m. – 2:00 p.m. Bid Opening – Skagit County Fueling Facility and Road Oil Tank System Upgrade.

2:00 p.m. – 4:00 p.m. Municipalities Solid Waste Committee Meeting.

The Skagit County Board of Commissioners met in regular session on Monday, September 14, 1998, with Commissioners Robert Hart, Ted W. Anderson, and Harvey Wolden present.

PUBLIC COMMENT PERIOD.

There were no citizens present for the Public Comment Period.

CONSENT AGENDA.

Commissioner Wolden moved to approve the Consent Agenda for Monday, September 14, 1998. Commissioner Anderson seconded the motion, which passed with a unanimous vote.

COMMISSIONERS' OFFICE:

1. Record of the Proceedings of Tuesday, September 8, 1998.
2. Record of the Proceedings of Thursday, September 10, 1998.
3. Supplement No. 1 to Subrecipient Agreement for Revolving Loan Fund with the Skagit Council of Governments extending the termination date of the Agreement until June 30, 1999. Consideration is amended to add \$164,712 from the State's Development Loan Fund Letter of Credit which fulfills CDBG's commitment to Skagit County changing the overall contract amount from \$335,288 to \$500,000. **(Contract No. 03419)**
4. Call for Public Hearing to consider testimony regarding the sale of surplus county real property located near Lake Cavanaugh and consisting of 37 acres. **(Resolution No. 17133)**

FACILITIES MANAGEMENT:

5. Change Order No. 7 to Contract with ANDA Construction to provide labor and materials to perform construction alteration work at 330 Pacific Place for the Skagit County Community Action Agency. The change order amount is \$39,180, with a new contract sum total of \$500,320.30. **(Contract No. 03904)**

HUMAN SERVICES:

6. Personal Services Agreement with Skagit Community Mental Health providing for Community Substance Abuse Treatment services funded by DSHS – Division of Alcohol and Substance Abuse. The maximum amount of the contract is \$25,000 for the period July 1, 1998 through June 30, 1999. **(Contract No. 04055)**
7. Interagency Agreement with North Sound Regional Support Network (NSRSN) providing for an annual amount of \$50,000 to enhance administration of mental health services. The contract term is July 1, 1998 through June 30, 1999. **(Contract No. 04056)**

INFORMATION SERVICES:

8. Out-of-State Travel Request for David Anderson to attend a MicroSoft Business Applications '98 Conference in Las Vegas, Nevada, September 8-11, 1998 for a total amount of \$650 plus per-diem meals. **(Approved)**

PUBLIC WORKS DEPARTMENT:

9. Resolution amending Attachment "A" to Resolution No. 17117, Disposal of County Surplus Property, removing two vehicles and adding two others due to an error on the odometer reading that was placed in the fuel system. **(Resolution No. 17134)**
10. Resolution regarding the sale of excess property to the Town of Concrete, allowing Concrete to purchase on 1994 Chevrolet Caprice Sedan for the price of \$2,000. **(Resolution No. 17135)**
11. Call for Public Hearing for a Road Name Change, changing McDougall Street #21230, to Cattail Place, #21230. The public hearing will be held on October 6, 1998 at 9:00 a.m. **(Resolution No. 17136)**
12. Call for Public Hearing for a Road Name Change, changing Entner Road, #13930, to Entner Way, #13930. The public hearing will be held on October 6, 1998, at 9:00 a.m. **(Resolution No. 17137)**
13. Call for Public Hearing for a Road Name Change, changing Egbers Road, #31230, to Egberskalso Road, #31230. The public hearing will be held on October 6, 1998, at 9:00 a.m. **(Resolution No. 17138)**

SHERIFF'S OFFICE:

14. Contract Amendment to Personal Services Agreement with Jeffrey L. Brooke, extending the term of the agreement to August 15, 1998. **(Contract No. 03616)**

PARKS & RECREATION:

15. Resolution adopting a Tent Policy for the Skagit County Parks and Recreation Department. **(Resolution No. 17139)**
16. Resolution regarding the transfer of excess property to the Birdsvew Fire District, consisting of a 1987 Toro 217-D 60" Rotary Mower, Vehicle Identification No. 70181. **(Resolution No. 17140)**

MISCELLANEOUS.

1. Vouchers audited and certified by the auditing officer as required by R.C.W. 42.24.080, and those expense reimbursement claims certified as required by R.C.W. 42.24.090, have been recorded on a listing which has been made available to the Board.

As of this date, September 17, 1998, the Board, by a majority vote, did approve for payment those vouchers included in the above-mentioned list and further described as follows:

Warrants numbered 27655 through 28136 from Clearing Fund 696 in the total dollar amount of \$852,547.07 (Transmittal No. C-61-98); and

Payroll warrants numbered 21580 through 22384 in the total dollar amount of \$606,354.75 (Transmittal No. P-45-98).

2. Staff presented Amendment "A" to a Personal Services Agreement with Northwest Moving Services, Inc. to increase compensation by an additional \$10,000 for all labor and equipment necessary to facilitate County office moves. Commissioner Wolden moved to approve the Amendment as presented by Staff. Commissioner Anderson seconded the motion, which passed unanimously. **(Contract No. 02911)**
3. Staff presented four Road Use Permit agreements providing for logging access across private property for the Cascade Timber Harvest Project. The agreements allow for the non-exclusive right, license and permission to enter and be upon the road commonly known as the South Cascade Road. Commissioner Wolden moved to approve the Road Use Permit agreements as presented by Staff. Commissioner Anderson seconded the motion, which passed unanimously. The agreements are detailed as follows:
 - A. Annabelle Ashe, Grantor, for land described as Sub-allotment 56-C, and more particularly described as the Southeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 17, Township 35 North, Range 11 East, W.M., Skagit County Washington, for the consideration of \$500 to be paid to the Bureau of Indian Affairs **(Contract No. 04057)**;
 - B. Shubert Hunter, Grantor, for land described as Sub-allotment 56-B, more particularly described as Government Lot 3, and the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$, all in Section 17, Township 35 North, Range 11 East, W.M., Skagit County, Washington, for the consideration of \$500 to be paid to the Bureau of Indian Affairs **(Contract No. 04058)**;
 - C. Robert Tom, Grantor, for land described as Sub-allotment 56-E, more particularly described as the East $\frac{1}{2}$ of the West $\frac{1}{2}$ of Government Lot 2, Section 17, Township 35 North, Range 11 East, W.M., Skagit County, Washington, for the consideration of \$250 to be paid to the Bureau of Indian Affairs **(Contract No. 04059)**;
 - D. Ronald Tom, Grantor, for land described as Sub-allotment 56-D, more particularly described as the West $\frac{1}{2}$ of the West $\frac{1}{2}$ of Government Lot 2, Section 17, Township 35 North, Range 11 East, W.M., Skagit County, Washington, for the consideration of \$250 to be paid to the Bureau of Indian Affairs **(Contract No. 04060)**.

CONSIDERATION OF REQUEST FOR RECONSIDERATION SUBMITTED BY FRIENDS OF CONWAY COUNTRY LIVING AND WAYNE AND JUNE KITE OF PRELIMINARY PLAT APPROVAL OF RICHARD BERTELSEN (PL97-0200) FOR PROPERTY LOCATED ON STARBIRD ROAD.

Dave Hough, Planning Staff, explained the procedures for a request for reconsideration as provided by 14.01.58 of the Skagit County Code. He advised that the code section provides that the Board should consider this request without public comment or argument. The Board has the option of denying the request, revising and reissuing its decision, or it may call for argument as provided in SCC 14.01.056. He advised that, pursuant to SCC 14.01.058, the request for reconsideration should be granted only when a material factual issue had been overlooked that would change the previous decision.

Mr. Hough stated that the reconsideration request asked to add a condition that a maximum capacity should be stipulated for the water line to provide only the minimum water capacity for a rural area.

Chairman Hart stated that after a review of the documentation, he did not find any material error committed by the Hearing Examiner or the Board. Commissioner Anderson moved to deny the request for reconsideration. Commissioner Wolden seconded the motion, which passed unanimously. **(Resolution to be provided by Staff at a Later Date.)**

HUMAN SERVICES DEPARTMENT QUARTERLY REPORT.

JoAnn Angevine, Human Services Department Director, presented a report relative to the activities of the Human Services Department.

She first reviewed the Developmental Disabilities programs, which include services for individuals aged Birth to 3, and after Age 21. She reviewed the particulars of the therapies offered by various agencies. She noted that there is an overwhelming need for these services, with noticeable increases in these age groups due to the increased population of the County. She further discussed the involvement of Chinook Enterprises in providing employment opportunities for many of these individuals over Age 21. Ms. Angevine then discussed the Legislature providing additional funding, which will allow Western State Hospital patients to be housed within the County and brought back to the community for oversight and meaningful daytime activities. She discussed the impacts to the County.

Ms. Angevine next discussed the activities of the Substance Abuse programs within the County, including Skagit Recovery, Community Mental Health, and Semar Community Health. In this regard, she discussed federal government funding for support of the Drug Court, and the effects of the receipt of these monies, which will absorb the costs of case management. She noted the need for continued efforts in the area of prevention, and the activities of the Skagit Community Network.

Ms. Angevine discussed the activities of the North Sound Regional Support Network, which include working with the four surrounding counties in providing needed services to people who are ill. She emphasized the need to remember that people who are ill need to have services provided efficiently, comfortably and as humanely as possible until such time as the Courts can deal with their individual situations. She briefly spoke to the activities of the Associated Provider Network. She expressed the difficulties of providing quality services within the parameters of the dollars available.

Commissioner Wolden commented on the continuing state of flux within the Mental Health community.

A discussion ensued on the various aspects of the Mental Health community and the services provided.

Ms. Angevine next discussed the status of mental health hearings in Skagit County.

Ms. Angevine stated that she would be presenting these reports to the Board on a quarterly basis.

BID OPENING – SKAGIT COUNTY FUELING FACILITY AND ROAD OIL TANK SYSTEM UPGRADE.

Roger Howard, Facilities Director, opened the bids from the following bidders:

Foss Environmental Services
PO Box 3535
Seattle, WA 98124-3535
Bid Bond attached.

Glacier Environmental Services, Inc.
12521 Evergreen Drive, Suite A
Mukilteo, WA 98275
Bid Bond attached.

Each bid contained several components, which Mr. Howard detailed to the Board. He advised that he would review each bid item with the engineer's estimate and the consultant, and would come back to the Board with a bid award recommendation as soon as possible.

MUNICIPALITIES SOLID WASTE COMMITTEE MEETING.

Chairman Hart opened the meeting

Chal Martin, Public Works Department Director, stated that he recently submitted the 1999 preliminary budget for Solid Waste, and thus it was timely to meet and discuss the future direction of the division. He expressed his desire to communicate clearly the information necessary so that good business decisions can be made.

Mr. Martin reviewed the history of solid waste processing in Skagit County, stating that in the Spring of 1994 the Incinerator was shut down, and proposals were entertained for the operation of the site. He stated that difficult decisions were made to increase the tipping fee in 1995 from \$80 to \$100 per ton. Since that tipping fee increase in 1995, the rates have remained constant for the municipalities and rural customers at \$100 per ton. Mr. Martin explained that the system has turned around, is solvent, and that pertinent loans have been repaid. He further indicated that management now has the ability to predict what the system will do and cost, that the system is stable and low risk, and provides a low level of liability to the County. Further, the system is open 360 days per year, 12 hours per day, and is competitive with what surround counties offer. A study conducted in 1995 to analyze those requests for proposal received by the County indicated that the long-hauling option would be the best for the County, and it has proven to do so. He displayed a graph that showed an estimated 5 year cost for the system. Mr. Martin stated that much thought and effort was put into what to do and how much it would cost, and the prediction has held up very well.

Mr. Martin advised that the next thing to do is to surplus the waste-to-energy equipment, and that a draft resolution would be brought before the Board next week to set a public hearing date to get the process started to dispose of this equipment. He stated that the intent is to market the equipment and dispose of it as soon as possible. It is unknown whether disposing of the equipment will cost the County money, or bring in money. He stated that disposing of the equipment provides the opportunity to modify the Transfer Station to open up an additional tipping floor and get rid of the public area. He stated that there will be a payback for modifications within a two to three year period.

Mr. Martin stated that the financial status of solid waste processing indicates that the County is in good shape finally to recommend a tipping fee reduction, and to try to maintain such a reduction for several years. He suggested that the tipping fee could be reduced by \$5 for the next three years (1999, 2000, 2001), and that in 2002 we would have to look at raising the fee to adjust with anticipated inflation. He reviewed a handout that provided a detailed cost analysis in this regard.

Mr. Martin next addressed the issue of the County's overhead rates. He reviewed the rate for municipalities, which has been determined to be \$24.76 per ton. He reviewed a handout that was distributed earlier in this regard.

Mr. Martin reviewed the answers to questions regarding what needs to happen next to the County's solid waste system. This included the possibility of jurisdictions wanting to handle their own solid waste, or to construct their own Transfer Station. He stated that three things would be needed for the scenario to take place: 1) a permit must be obtained; 2) The Solid Waste Management Plan would have to be modified; and 3) an interlocal cooperative agreement which was signed in 1986 by all parties would have to be modified and agreed to.

Mr. Martin reviewed the various handouts that had been distributed to those in attendance.

Chairman Hart asked about separating out the indirect and direct costs of operation, and the specific requirements for being classified as an "indirect" or "direct" cost. He questioned the administrative costs, which were \$326,000, and asked what these included.

Mr. Martin spoke to the differences between "overhead" expenses and "administrative" expenses. Overhead includes such things as the environmental program, which includes landfill monitoring. The Education program which is partially grant funded, is also included, together with debt, the hazardous waste program, which is partially grant funded, and administrative costs.

Chairman Hart stated that what he is looking for is the justification of the indirect costs.

Mr. Martin confirmed that the Supervision of the Transfer Station is included in direct expenses.

A discussion ensued on those items that are considered "direct" or "indirect."

Mr. Martin explained that the Department spent some time in consultation with their accounting department putting together the cost allocation spreadsheet, and they came up with a logical method of looking at every line item.

Chairman Hart expressed his belief that any fee expended for the disposal of garbage should go to overhead.

Mr. Martin explained that they took two items as administrative expenses and put them under direct costs. One was B&O tax and the other was the Health Department fee. He stressed that in the Accounting field, there can be honest disagreements as to what should be classified as direct and indirect costs. He noted that his Accounting staff had lengthy discussions in the development of these numbers, but that there is room for additional discussion if deemed necessary by the Board or the Municipalities Committee. Mr. Martin stated that there are generally accepted standards in the Accounting field as to what should be included in indirect costs.

Commissioner Wolden concurred with Chairman Hart's request that these get analyzed and decide exactly what the costs are.

Mr. Martin stated that an unsolicited proposal was received by the County from RDC (now Allied Waste), with such proposal contingent on getting an easement to construct a new rail link close to the Transfer Station. This has been accomplished and Allied Waste is now ready to proceed.

Jim Pemberton, City of Anacortes, thanked Chairman Hart for his comments regarding costs. He stated that the other area of debt services that bears some consideration is that there are some facilities that have costs that should be incorporated in the tip fee and some facilities should be reduced of that burden. He explained that some of the facilities, including the real property, buildings, tipping floors, etc., have value to the County and have costs associated therewith, that may or may not be a valid cost to pass on to customers. He stated that this is a point worth discussing that the rate structure should reflect payment for a proportionate share of the capital costs.

Chairman Hart indicated that there have been investments made at different times over the years, including upgrades of the public tipping areas that should not be legitimately removed from inclusion in the costs to other jurisdictions.

Mike Woodmansee, County Administrator, stated that before that thought gets too formed as a legitimate notion, it should be considered that all of the jurisdictions are partners in this operation. He indicated that there was not a provision made for someone dropping out and relieving themselves of their obligations. If that thought goes too far afield, it may gain more viability than it should.

Mr. Martin stated that the analysis assumes that everyone that is currently participating in the Solid Waste Management Plan will continue to participate. He stated that the County is interested in what would happen if jurisdictions consider dropping out. He reiterated that the parties have gone through much pain and suffering to get to this point, and that we now have a good, predictable low-liability system. He expressed that he is pleased with the numbers he presented earlier, and that there is no crisis. He stated that the committee is meeting because we have good numbers to share, and want to press ahead to continue to provide good solid service.

Commissioner Wolden concurred with Mr. Martin, stating that the system is solvent. He added that if we can get this long-haul contract signed, there would be a definite savings, which will be passed on to all jurisdictions.

Chairman Hart stated that there are two issues: 1) a prospective rate decrease, and 2) a potential agreement with Rabanco that the rate fee reduction would be retroactive to January of 1998. He queried Mr. Martin on whether the 8 months of \$5/ton credit would be put against the existing debt.

Mr. Martin explained that the rate reduction was not considered in the numbers presented, but that the Department is expecting approximately \$1,000,000 at yearend. He stated that the Solid Waste Division would like

to hold the money to reinvest in the facility for improvements that will pay back within two to three years. He stated that this proposal would allow the completion of improvements without borrowing money, but that paying down the debt load could also be considered.

Mr. Woodmansee indicated that roughly \$600,000 would be necessary to cover cash flow requirements and bond payments. That would leave \$400,000 for contingencies and new investments. So, presuming that the tipping fee described goes back in time to January 1 and is kept in house, there would be \$400,000 in the fund to cover contingencies and capital investments. Mr. Woodmansee cautioned that increasing costs due to inflation could erode the ability to maintain this \$400,000 held for contingencies or proposed improvements to the facility.

A discussion ensued on the amount of the debt service, the possibility of a bond pay-off, and the interest being paid.

Upon query from Commissioner Anderson regarding the possibility of USA Waste not utilizing the County's facility, Mr. Martin indicated that USA Waste represented one-third of the waste stream and would have a major affect on the facility operations. Commissioner Anderson commented that this would dramatically affect all of the parties to the agreement.

Jeff West, General Manager for Rural Skagit Sanitation, indicated that they have not applied for an operating permit, but that based on conversations with the Health Department and the Department of Ecology, there would be no major difficulties in obtaining such a permit. He stated that his company's plan is to provide the best facility and to control their own destiny.

Skye Richendryfer, Mayor of Mount Vernon, stated that the City wants to do their own modeling and to make determinations about the processing of solid waste. He stated that having a strong Skagit County is in their best interests, financially and politically. He expressed the need to take time to review and analyze the numbers that have been presented today. He indicated the need to review indirect administrative costs and to have additional detail of such costs. He expressed concern about reducing operational components. He stated that the City wants to investigate and review the potential to reduce costs to their ratepayers, and, in that regard, they will look at Rural Skagit Sanitation's new plant and proposal to see what the bottom line would be for their ratepayers.

Mr. Martin stated that the County is interested and wants to work with cities' staffs to review the numbers presented today, and asked that staff contact him for any explanations that are needed.

Chairman Hart stated that earlier there had been an estimate concerning the possible surplussing of equipment and the leveling of the floors at the Transfer Station. He believed that estimate was \$300,000 for the necessary modifications. He asked if there is a current estimate from staff for such modifications.

Mr. Martin indicated that he was not aware of a definite set of numbers for the proposed modifications.

Commissioner Anderson stated that it would be interesting to see what numbers would come forward without USA Waste's participation. He indicated that it would make sense to ascertain that it will make financial sense for us either way.

Mr. Martin commented that we are operating in a business environment that is very competitive. He assured Commissioner Anderson that the numbers presented are quite competitive and will provide the service at the lowest possible cost.

Mr. West stated that this is not an "us" and "them" scenarios. He indicated that just because they are building another transfer station to offer services that are not currently as well handled as they could be, does not mean the County will have a disaster. He stated that Rural Sanitation has offered to become a partner with the County to get the job done. Mr. West stated that his company would not commit their own money without stockholder responsibility and fiduciary responsibility. He assured that his company would put together a first class facility that would handle the needs of his company and all of the people they hope to serve. He stated that his customers should share fairly in carrying their share of the debt service, county administration and state mandated requirements. He stated that every option needs to be considered, and that the facility his company is proposing will be financially viable.

Commissioner Wolden commented on the disproportionate cost allocations that would occur should Mr. West's facility be built. He asked Mr. West if his facility would be taking garbage from other counties to make it a viable operation.

Mr. West answered that tonnage will come from trucks within the County, and a few from Newhalem. He stated that the indirect costs, planning and administration for the system would be put on top of their tipping fees.

Mr. Woodmansee indicated that there are many scenarios, but until some of these things actually occur, it is all speculation. He commented on the great job done by Chal Martin, Robin LaRue, and Jill Scott in putting the costs together for review. He further noted that how the various scenarios play out is yet to be determined, and that further analysis will have to occur at that particular point in time. The current numbers show a stable operation that is running smoothly, and the County would like to see the system continue as unaltered as possible, and will deal with changes as they occur.

Commissioner Anderson expressed concern about doing any type of capital improvements and re-investing in an enterprise that may not be viable. He urged caution before investing any additional monies.

Chairman Hart asked the cities to work with County Staff on any questions they may have regarding the materials presented.

Gus Tjeerdsma, Mayor of Burlington, expressed his opinion that the best thing to do would be to put the entire solid waste operation out for bid. He stated that he supports private enterprise 100%.

Donald Walley, Mayor of Sedro Woolley, indicated that several years ago this operation was the best solution at the time, but the Committee needs to look carefully at every alternative. He stated that Skagit County is one of the few counties in the State that still processes garbage.

There being no further comment, the meeting was adjourned.

ADJOURNMENT.

Chairman Hart made a motion to adjourn the proceedings. Commissioner Wolden seconded the motion and it passed unanimously.

**BOARD OF COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**



Robert Hart, Chairman



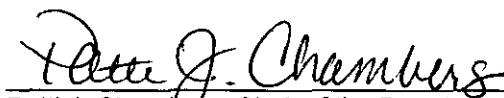
Ted W. Anderson, Commissioner



Harvey Wolden, Commissioner



ATTEST:



Patti J. Chambers, Clerk of the Board
Skagit County Board of Commissioners