

**RECORD OF THE PROCEEDINGS
SKAGIT COUNTY BOARD OF COMMISSIONERS
Tuesday, February 27, 2001**

9:00 a.m. – 9:30 a.m.	Public Hearing – To Consider Testimony regarding an Application for Leasing of County Real Property located at 18911 Kelleher Road, Burlington.
9:30 a.m. – 10:00 a.m.	Transmittal of Draft Interim Ordinance to Repeal Rural Marine Industrial Designations per Western Washington Growth Management Hearings Board Order on Case No. 00-2-0019c.
*T 10:00 a.m. – 11:00 a.m.	Work Session – Farmland Legacy Program Update.
11:00 a.m. – 11:30 a.m.	Work Session – Capital Projects and 2001 Budget.
1:30 p.m. – 2:30 p.m.	Update on Miscellaneous Financial Matters.
2:30 p.m. – 3:00 p.m.	Executive Session – Personnel, Litigation and Land Acquisition.

The Skagit County Board of Commissioners met in regular session on Tuesday, February 27, 2001, with Commissioners Ted W. Anderson, Don Munks, and Kenneth A. Dahlstedt present.

PUBLIC HEARING – TO CONSIDER TESTIMONY REGARDING AN APPLICATION FOR LEASING OF COUNTY REAL PROPERTY LOCATED AT 18911 KELLEHER ROAD, BURLINGTON.

Roger Howard, Facilities Director, advised that the intent is to lease the property included in the current lease with the Humane Society, together with property recently purchased from the State. He stated that the property was surveyed and is legally described to include the entire parcel in the application for the lease. Answering a query from Chairman Anderson, Mr. Howard responded that the current lease rate is \$1 per year.

Megan Strong, Human Society Thrift Shop Manager, 1405 Mallard View, #1, Mount Vernon, indicated that the Humane Society Directors are trying to determine their best options for expansion. She stated that, in this regard, the Humane Society needs to continue leasing the subject property as described by Mr. Howard.

There being no further public testimony forthcoming, Commissioner Munks moved to close the public hearing. Commissioner Dahlstedt seconded the motion, which passed unanimously. The public hearing was closed.

Commissioner Munks moved to approve the lease of the subject property, including the recently purchased parcel, to the Humane Society at the lease rate of \$1 per year. Commissioner Dahlstedt seconded the motion, which passed with a unanimous vote.

TRANSMITTAL OF DRAFT INTERIM ORDINANCE TO REPEAL RURAL MARINE INDUSTRIAL DESIGNATIONS PER WESTERN WASHINGTON GROWTH MANAGEMENT HEARINGS BOARD ORDER ON CASE NO. 00-2-0019c.

Tom Karsh, Director, discussed the concept of an interim ordinance, noting concerns about the continued utilization of same in regards to Growth Management Act (GMA) action at the County level. In this instance, with our legal counsel, Staff is recommending that the Board pass this document as an interim ordinance and then follow it up with a public hearing, which is required by State law. The Public Hearing

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would be before the Planning Commission, which would then forward permanent regulation recommendations to the Board, in compliance with the Planning Enabling Act. He advised that this is designed to comply with a 30-day timeline, dealing with most egregious things adopted with Comprehensive Plan and Unified Development Code (UDC) in July of last year. He stated that the Planning Department also has concerns about the continued use of the interim ordinance process. He advised that this session today was scheduled merely to transmit the document to the Board for their review. Consideration and adoption is scheduled for March 13, 2001, at 3:00 p.m. Following adoption, a public hearing would be required to be held within 60 days.

Gary Christensen, Assistant Director, gave the Board a copy of a draft Interim Ordinance addressing those matters under the WWGMHB order requiring prompt action. He reported that the document did not have all of the attachments referenced in the draft ordinance, but those would be provided to the Board at a later date.

Mr. Christensen explained that the WWGMHB rendered a decision in February and there are three things that need to be addressed within 30 days. These issues are: (1) adopting current city concurrency regulations that have not yet been adopted for enforcement within unincorporated City UGAs, (2) repealing the changes made to the Big Lake Rural Village in the 2000 Comprehensive Plan, and (3) repealing all Rural Marine Industrial (RMI) designations and returning those sites to their previous designations. He stated that the WWGMHB said that if the County did not take required action within 30 days, there would be the possibility of invalidity being imposed. Since we do not have an opportunity to go through full public participation requirements required within GMA, the interim ordinance is the mechanism for the County to respond most expeditiously. He stated that, as Mr. Karsh indicated, under statute the Board can adopt an interim ordinance and hold a public hearing in 60 days, then adopting findings. He reported that the County had complied with SEPA under previous environmental reviews.

Mr. Christensen reviewed the specifics of the concurrency issues, identifying those municipal codes that deal with concurrence. He explained that this allows the County to apply City development regulations within the unincorporated areas of the UGAs. He stated that the Department is working with the Town of Concrete on providing some language that will satisfy their needs and address their concerns as they have not yet adopted such a concurrency ordinance.

He next discussed the required "rolling back" of the Big Lake Rural Village boundary, with the subject property being returned to Rural Reserve. He briefly reviewed the effects on the property owners in that area.

Mr. Christensen reported that the WWGMHB Order required that the Rural Marine Industrial designation be redesignated Rural Business. Consequently, the businesses contained therein may have more development opportunity under the Rural Business designation. He assured the Board that the businesses would certainly retain the use of any structures on the site and would be able to have limited expansion.

Mr. Christensen reviewed the proposed schedule for the ordinance to be reviewed by the Planning Commission with a public comment period scheduled and a resultant recommendation sent back to the County Commissioners on or before April 18, 2001. This would allow 2-3 weeks at the end to prepare the recorded motion, schedule a date before the Board, discuss it, with the effective date being the date of adoption.

Mr. Karsh asked the Board about the type of public notice the Board would like the Department to make regarding the public hearing before the Planning Commission. He noted that there have been a couple of reconsideration requests pending before the WWGMHB, which may affect the outcome. He reported that reconsiderations in general "stop the clock" and our counsel is advising us to go forward to comply with the 30-day imposed time line as closely as possible. The County will be a few days late of the 30-day

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timeline, however, and the pending reconsiderations can be utilized as an excuse for such lateness. He advised that counsel thinks that the reconsideration requests would not result in any significant changes.

Mr. Karsh spoke to the recurring issue of public notification. He stated that interim ordinances bypass the public participation program previously defined. He explained the difficulties in notifying every property owner of the potential action of the Planning Commission and Board, although some participants in Big Lake and the Rural Marine Industrial areas can be easily identified and notified. The Department is proposing at this time that for the initial interim action, March 13, that they only notify the Big Lake and RMI folks and put a public notice in general that might capture the attention of the other property owners.

Commissioner Munks suggested that obtaining an article in the newspaper might be advantageous for notification purposes.

Mr. Christensen stated that public service announcements could be sent to all local news media in this regard. It was determined that such announcements would be sent out prior to the Board's action on March 13.

UPDATE ON MISCELLANEOUS FINANCIAL MATTERS.

Alicia Huschka, Budget Director, reported that this session was scheduled to review the Economic Development Public Facilities Program, the Real Estate Excise Tax Fund, and the Fund Balance in the Current Expense Fund. She first presented the Board with a packet of materials on the Economic Development Public Facilities Program.

She reviewed the history of the imposition in 1997 of the sales and use tax for distressed counties. Initially, 20 counties qualified for this Program, which is a shift of tax from what is collected locally and sent to the State, bringing a portion back to Skagit County. This initially started out as .04%, with the Legislature intending to share the wealth and create economic growth in rural counties. Eligibility required at that time that the County's unemployment rate had to be at 20% or higher than the State's average. Ms. Huschka reported that Skagit County's unemployment rate generally hovers around 25%. The County took the first monies in this regard in July of 1998 with the focus on creating and retaining jobs.

In 1999 the Legislature modified the law and increased the level to be returned locally to .08%, which created for Skagit County a collection of \$1,200,000. Ms. Huschka advised that this was done so that more counties would be eligible. At the same time, the definition of who qualified was changed from "Distressed" to "Rural" counties. Eligibility requirements included a population of less than 100 persons per square mile, which Skagit County easily qualified for. Projects were also further clarified to include such things as sewers, water treatment plants, fiber optics, bridges, road improvements, and public structures. It was also added that cities and ports had to be allowed to participate in the process.

Ms. Huschka reported that Skagit County imposed the tax at the earliest possible time, establishing an advisory committee and criteria for evaluating projects. Research was done to see what other counties were doing, and that information was utilized in what was crafted for the Board's adoption. The Advisory Committee consists of the Board's Chairman, the Mayor of a City with a population over 1,500, Mayor of a City with population less than 1,500, Port District Representative, County Administrator, EDASC Director, and a community business representative. Ms. Huschka advised that this is a voting committee, and that she acts as a facilitator of the process during their meetings. In the establishing resolution, the Advisory Committee reviews all funding requests and provides the Board with priority funding recommendations. The Board of Commissioners has final say on the approval of the proposed projects and utilization of the monies collected. Ms. Huschka advised that most counties have set up a process similar to ours whereby a committee initially reviews the projects and makes recommendations.

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Ms. Huschka next reviewed the criteria established to be used in evaluating the public facility projects, together with the scoresheet that had been developed. She compiles the information and the Committee meets to evaluate the scores and make recommendations. She stated that the emphasis is on the provision of matching funds, which typically require that the County fund about 25% of the total project. Readiness to proceed is another important criteria, together with being a part of the local comprehensive plan. She reviewed a list of the County projects that had been awarded in the past, which total about \$8.5 million.

Ms. Huschka discussed the amount of funding that is available for this year, and the commitments that have been put in place. She stated that there is approximately \$700,000 to \$800,000 worth of funding available this year.

A discussion ensued on the commitments previously made in December, together with the potential for funding for the City of Mount Vernon Fiber Optics project, and the City of Anacortes waterline project.

Chairman Anderson indicated that these monies were committed to rural counties to assist with economic advantages. He expressed concern for spending money for a City project, paying for infrastructure, with the City putting the money back into their general fund once the project has been established, with no economic benefit for the County forthcoming. He stated that this is exactly what Mount Vernon is doing with the South Mount Vernon fiber optics extension. He indicated that tough questions need to be asked about attracting companies and gaining economic advantage for the entire County. He stated that if Mount Vernon is awarded funding in this regard, there needs to be a clear-cut contract about the provision of services to the County. Chairman Anderson reiterated that the bulk of the money was supposed to be spent on rural communities to replace resource-based industries, not inside established cities. He reiterated that the key criteria is to attract and retain jobs.

Ms. Huschka stated that survey results show that everyone is impressed with what Skagit County has done with the funding.

Chairman Anderson pointed out that some of the counties took the money and then turned it over to their Economic Development Association. Ms. Huschka responded that Yakima County was one such county that proceeded that way, with a loan component.

Ms. Huschka reported that the Resolution that established the Advisory Committee and criteria had specific language that the projects would be submitted to the Board by September 1 of each year, with the Committee making recommendations by the second week of October. Since that time, it had been the practice to accept applications twice per year. She suggested making changes to the Resolution and read a proposed resolution into the record, noting that this language would make the process more flexible and allows the Board to consider applications at least semi-annually.

Chairman Anderson suggested changing language wherein the applications would come sporadically to the Finance Director, and to simply reference the Board. After a brief discussion, it was decided to change the language as suggested by Chairman Anderson. Ms. Huschka advised she would bring back the appropriate resolution under the Board's Consent Agenda in the near future.

Ms. Huschka next discussed the Real Estate Excise Tax fund, noting that it is legal to collect 4%, but that the County currently collects 2%. She advised, however, that most local cities collect the full 4%.

She reviewed the fluctuating revenue stream for this fund, reporting that the County first started collecting this funding in 1990. The revenue is volatile as it depends on the real estate market and interest rates. When the tax was imposed in 1990, an Advisory Committee was established to review projects and recommend funding. There is no formal application process established, but the project must be capital expense type projects to qualify. The members of the Advisory Committee consist of the Chairman of the Board, Finance Director, Planning Director, Parks Director, President of the Board of Realtors, one

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Mayor, and the President of the Builder's Association. She stated that the Advisory Committee is heavily weighted toward the County. She reviewed a list of the projects that had been accomplished over the years including acquisition of the Cascade Trail, acquisition of properties near the Fairgrounds, \$1.7 million upgrade of the Juvenile Detention Facility, Waterline at the Inman Landfill, Dream Field, Janicki Field, various Skateboard Parks throughout the County, Track Facilities throughout the County, and football field improvements. She reported that the cities of Mount Vernon and Anacortes are interested in obtaining some of this funding, together with the Skagit County Parks & Recreation Department for upgrades at park facilities and playfields.

Ms. Huschka reported that in 1999, \$200,000 was awarded to the Presentin Park project, with \$100,000 designated for the Swinomish Boat Launch project. In the year 2000, it was the first time since 1995 that \$175,000 was utilized for funding County projects. She discussed the loss of MVET funds due to the passage of I-695, and the resultant effect on capital related projects, so now the County needs to look more toward the Real Estate Excise funds for the funding of the County's own projects. She stated that in 2001 approximately \$251,000 would fund County projects.

She next discussed the commitment of funds to the Northern State Recreation task force amounting to \$300,000 per year for a ten-year period of time. With the lack of MVET funds and the commitment to Northern State, this shrinks the funding available to other entities. She asked that the Board consider taking the second 2%, suggesting that the Board involve local realtors in making this decision.

Commissioner Anderson stated that he has talked to realtors about the County's limited ability to do community projects without the imposition of the additional 2%. He stated that a large selling point about our local communities are the amenities and recreational activities available. He stated that he would be willing to get a read of the realtors, hearing their concerns, before beginning the formal process of imposing this additional 2%. He commented that the cities are currently collecting the full 4%.

Ms. Huschka stated that this would not have to be done immediately, and reviewed the commitments to date and the need to consider improvements to the county campus, including a possible parking garage and office building. She also commented on the need to have a designated revenue source for bonding purposes.

Ms. Huschka next reviewed the fund balance methodology for the Current Expense Fund (General Fund) showing a ten-year history of the fund balance on a graph. She reviewed the impacts of the MVET relief monies that were received by the County in 2000, but which could not be used until 2001. She discussed some of the historical highlights of the fund, and reasons for some of the significant changes.

Chairman Anderson stated that in viewing these numbers it appears that around \$4,000,000 cash flow is the appropriate amount that should be in our General Fund.

Ms. Huschka discussed the cycle of spiked revenues in April and October, and the need to be cognizant of these fluctuations. She reviewed the County's revenue flows, noting that last year the target fund balance was \$4.2 million.

MISCELLANEOUS.

1. Chris Stamey, Budget/Finance Department, presented for the Board's consideration a five-year lease with Ascom Leasing for a mail processing machine. He described the parameters of the lease and the various addenda that had been added to clarify the County's understanding of certain terms thereof. The monthly lease payment is set at \$586.85. Commissioner Munks moved to approve the Lease Agreement as presented, and Commissioner Dahlstedt seconded the motion. The motion passed with a unanimous vote. **(Contract No. 05218)**

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2. Staff presented an Interlocal Agreement with the Skagit Conservation District regarding the development and implementation of water quality programs throughout the County for calendar year 2001. The Conservation District will be compensated at the rate of \$7,291.67 per month, not-to-exceed \$87,500 for the duration of the agreement for their participation in these programs. Commissioner Munks moved to approve the Interlocal Agreement as presented. Commissioner Dahlstedt seconded the motion, which passed unanimously. **(Contract No. 05219)**
3. Staff presented an Interlocal Agreement with the City of Sedro Woolley for Public Facility Project Funding pursuant to RCW 82.14.370. The City will use the \$500,000 awarded funds on the "Gravity Sewer and Pump Stations" projects. Commissioner Munks moved to approve the Interlocal Agreement as presented, and Commissioner Dahlstedt seconded the motion. The motion passed unanimously. **(Contract No. 05220)**
4. Following Executive Session, Commissioner Munks moved to approve a Joint Representation Agreement with the National Association of Home Builders, Oregon Builders Association of Kitsap County, Tice Ranch, L.P., and any others who may join the Agreement in a suit against the National Marine Fisheries Service as presented by Perkins Coie LLP. Commissioner Dahlstedt seconded the motion, which passed unanimously. **(Contract No. 05221)**
5. In regards to the suit against National Marine Fisheries Service, Commissioner Munks moved to approve two letters regarding conflict waivers to Perkins Coie. Commissioner Dahlstedt seconded the motion, which passed unanimously. The letters were signed and approved.

ADJOURNMENT.

Chairman Anderson made a motion to adjourn the proceedings. Commissioner Munks seconded the motion and it passed unanimously.

**BOARD OF COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**

Ted W. Anderson, Chairman

Kenneth A. Dahlstedt, Commissioner

Don Munks, Commissioner

ATTEST:

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