City of Oak Harbor
Council Meeting
Agenda
Tuesday, January 6, 2009
7:00 p.m.

Oak Harbor City Council
7:00 p.m.
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Welcome to the Oak Harbor City Council Meeting

*As a courtesy to Council and the audience, **PLEASE TURN YOUR CELL PHONES OFF** before the meeting begins. The City Council values your ideas, and sets aside time at the beginning of each meeting, from 6:45 p.m. to 7:00 p.m., to talk with citizens. During the meeting's Public Comments section, Council will listen to your input regarding subjects of concern or interest that are not on the agenda. For scheduled public hearings, please sign your name to the sign up sheet, located in the Council Chambers if you wish to speak. The Council will take all information under advisement, but generally will not take any action during the meeting. To ensure your comments are recorded properly, state your name and address clearly into the microphone. Please limit your comments to three minutes in order that other citizens have sufficient time to speak.*

Thank you for participating in your City Government!

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION Dave Veach – Living Word

ROLL CALL

MINUTES

NON-ACTION COUNCIL ITEMS:

1. Introduction of New Employees – Ethan Spoo, Senior Planner.
2. Proclamation – Relay for Life Kick-Off.
3. Proclamation – Stop Human Trafficking Day.
4. Proclamation – Martin Luther King, Jr. Day.
5. Public Comments.

COUNCIL CONSIDERATION AND ACTION ON THE FOLLOWING MATTERS:

6. Consent Agenda:

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a. Appointment(s) – Marina Committee.

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b. Appointment – Community Police Advisory Board.
c. Pay Bills.

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7. 2% Grant Funding Awards for 2009.
8. City Administrator's Comments.
9. Councilmembers' Comments.
   - Standing Committee Reports
10. Mayor's Comments.

ADJOURN

If you have a disability and are in need of assistance, please contact the City Clerk at (360)279-4539 at least two days before the meeting.

"Work is love made visible. Keep working with love."
Anonymous

Regular City Council Meeting
December 16, 2008, 7:00 p.m.

6:45 – 7:00 p.m. Filipino - American Choir Concert

CALL TO ORDER Mayor Slowik called the meeting to order at 7:00 p.m.

INVOCATION Pastor David Lura, First United Methodist Church

ROLL CALL

Mayor Jim Slowik
Five members of the Council,
James M. Campbell
Beth Munns
Danny Paggao, Mayor Pro Tem
Jim Palmer
Bob Severns

Paul Schmidt, City Administrator
Margery Hite, City Attorney
Cathy Rosen, Public Works Director
Steve Powers, Development Services Director
Cac Kamak, Senior Planner
Mark Soptich, Fire Chief
Rick Wallace, Chief of Police
Mike McIntyre, Senior Services Director
Mack Funk, Harbormaster
Renée Recker, Executive Assistant to the Mayor

Councilmembers Rick Almberg and Eric Gerber were formally excused from this meeting.

MINUTES

MOTION: **COUNCILMEMBER CAMPBELL MOVED TO APPROVE THE MINUTES OF THE 12/2/08 REGULAR MEETING, THE MOTION WAS SECONDED BY COUNCILMEMBER MUNNS AND CARRIED UNANIMOUSLY.**

NON-ACTION COUNCIL ITEMS:

Introduction of New Employees – none this evening.

Employee Recognition – Ed McNeill, Public Works, 25 years

Cathy Rosen, Public Works Director introduced Mr. McNeill and talked about his years of service beginning in 1983 when he joined the Solid Waste Division. He was promoted to the Streets/Water Division in 1987 and has been a Streets Lead Specialist since 1998. Ed has four employees and, with a limited budget, oversees street and sidewalk maintenance, City signals, street signage, and the banner program. He is a dedicated employee who accepts additional responsibilities, was instrumental in implementing the computerized sign program, grant funding for flashing school signs, and is always very creative. He is a true steward of what has been entrusted to him and often volunteers for special projects such as the annual Challenge Series Soap Box Derby for special needs children. Mr. McNeill said he has worked with incredible people throughout his 25 years with the City, named and thanked his crew, and introduced his wife, Hermina.

Mayor Slowik called for a short break to allow Council to congratulate Mr. McNeill and the meeting reconvened at 7:12 p.m.

Public Comments

Helen Chatfield Weeks, 1415 SE 9th. Ms. Chatfield-Weeks spoke as Chairman of Oak Harbor's Park Board and thanked Scott Darnell for his service to the Board and City. Mr. Darnell had recently resigned the Board. Ms. Chatfield-Weeks also talked about the Waterfront Trail and the Board's support of its extension to Maylor Point. She had sent a letter to Capt. David, NASWI, expressing the Board's interest in this extension.

Fred Henninger, 580 Ireland Street. Dr. Henninger spoke about the City's utility billing and asked that City utility bills show the meter fees and the amount taxed.

Hap Fakkema, 2427 Moss Lane. Mr. Fakkema spoke as a representative of the Interfaith Coalition of Whidbey Island which is a newly-formed non-profit organization whose purpose is outreach to the homeless. Mr. Fakkema invited the Mayor and Council to an upcoming event on Saturday, January 24, 2009, 8:30 a.m. – 4:30 p.m., for a food drive on the vacant Ford dealership lot. His full presentation is attached to these minutes as Exhibit A.

Mayor Slowik thanked Mr. Fakkema and will be preparing a proclamation for this organization and their outreach work.

Mel Vance, 275 NW 8th. Mr. Vance talked about the cold weather and encouraged neighbors to help each other through this time of year.

With no other comments coming forth, Mayor Slowik closed this portion of the meeting at 7:20 p.m.

COUNCIL CONSIDERATION AND ACTION ON THE FOLLOWING MATTERS:

Consent Agenda

a. Appointment to Park Board – Jeff Wallin
b. Contract – Public Defense, Full Caseload
c. Contract – Public Defense, Partial Caseload
d. Contract – Public Defense Services
e. Pay Bills

MOTION: COUNCILMEMBER CAMPBELL MOVED TO APPROVE CONSENT AGENDA ITEMS A THROUGH E, WITH ITEM E PAYING ACCOUNTS PAYABLE CHECK NUMBERS 135225 – 135422 IN THE AMOUNT OF $411,037.23, PAYROLL CHECK NUMBERS 92561 – 92568 IN THE AMOUNT OF $86,675.00. THE MOTION WAS SECONDED BY COUNCILMEMBER PALMER AND CARRIED UNANIMOUSLY.

Final Consideration – Ordinance, Small Works Roster

Public Works Director Cathy Rosen discussed this ordinance amendment which would allow the City to contract with private non-profit organizations such as the Municipal Research and Services Center of Washington (MRSC) which now offers a Small Works Roster program for cities. It also amends OHMC 2.340.010 to clarify that a Small Works Roster may be used for projects up to $200,000 in value so long as notification procedures are followed for projects from $100,000 to $200,000. Contractors on our current roster will be put in touch with MRSC. There were no public comments.

MOTION: **COUNCILMEMBER MUNNS MOVED TO APPROVE THE PROPOSED ORDINANCE AMENDING OHMC CHAPTER 2.340 ENTITLED "SMALL WORKS ROSTER." THE MOTION WAS SECONDED BY COUNCILMEMBER PALMER AND CARRIED UNANIMOUSLY.**

Final Consideration – Ordinance, Fire Department Permit Fees
Fire Chief Mark Soptich talked about the changes to the permit fees, addressable type systems, zone systems, and the new fee schedule. Another section of the fee schedule sets fees for burn permits. In 2000, the Northwest Clean Air Agency placed a permanent ban on open burning for the City of Oak Harbor, and therefore, that section of the fee schedule is no longer required and can be revoked.
There were no public comments.

MOTION: **COUNCILMEMBER PALMER MOVED TO APPROVE THE PROPOSED ORDINANCE AMENDING CHAPTER 8.06 OF OHMC TO ADOPT A NEW FEE SCHEDULE FOR PERMIT, PLAN REVIEW, AND INSPECTIONS BY THE FIRE DEPARTMENT. THE MOTION WAS SECONDED BY COUNCILMEMBER SEVERNS AND CARRIED UNANIMOUSLY.**

Final Consideration – Ordinance, Marina and Marina Advisory Committee
Harbormaster Mack Funk presented this agenda bill which proposed that two chapters be added to the Oak Harbor Municipal Code – a chapter for the Marina, and a chapter establishing the Marina Advisory Committee. Mayor Slowik called for public comments.
Fred Henninger, 580 Ireland Street. Dr. Henninger talked about the residency of slip tenants per slip fee billings: 91 of 400 are sent to Oak Harbor residents, 56 to post office boxes, and 18 liveaboards. He spoke about the Marina as an enterprise fund, the use of general fund monies, the proposed board make up, and taxes.
Mel Vance, 275 NW 8th. Mr. Vance would like to see more public participation in the proposed committee.
There were no other public comments.

Council Discussion
In response to Council questions about the Marina's funding and Dr. Henninger's remarks, Harbormaster Funk noted that the Marina is self-sufficient and paid for by tenant slip fees. The general fund does not support the Marina and the Marina is helping the general fund to a small extent. City Administrator Schmidt added that there are indirect costs, but no direct contributions from the general fund to the Marina. $54,000 will be charged to the Marina for 2009. Discussion continued about Dr. Henninger's tenant residency statistics, and Harbormaster Funk noted that 79 percent of the Marina's customers live in Island County and that the docks are open for the public's enjoyment of the Marina. Council discussion followed that the Marina is a public marina and an asset to the community. Harbormaster Funk noted that a number of people have moved here because the Marina provides a good place to slip their boat. The Marina also offers space to community non-profit organizations such as the Youth Sailing Program and the Dragon Boat Association.

Council talked about the make up of the proposed advisory committee, and the residency of the 5th person on the committee.

MOTION: **COUNCILMEMBER PALMER MADE A MOTION TO APPROVE THE ORDINANCE AS PRESENTED TO THE GOVERNMENT SERVICES COMMITTEE AND CITY COUNCIL WITH THE 5TH POSITION, THAT IS NOT RELATED TO THE MARINA, BEING A RESIDENT WITHIN THE STATE OF WASHINGTON AND AMENDING THE ORDINANCE.**

Discussion followed that this provision could be amended to name all 5 positions, that paragraph 2.39.030 (2) could be changed to reference residency of position number 2, and that, as noted by City Attorney Hite, the positions do not correlate with residency, and 2.39.030 (1) could be amended.

THE MOTION DIED FOR LACK OF A SECOND TO THE MOTION.

MOTION: **COUNCILMEMBER MUNNS MOVED THAT AT LEAST FOUR (4) OF THE MARINA ADVISORY COMMITTEE MEMBERS SHALL RESIDE IN OR OWN BUSINESSES WITHIN THE OAK HARBOR CITY LIMIT AND THE 5TH MEMBER SHALL RESIDE IN THE STATE OF WASHINGTON. THE MOTION WAS SECONDED BY COUNCILMEMBER CAMPBELL AND CARRIED UNANIMOUSLY.**

MOTION: **COUNCILMEMBER MUNNS MOVED TO APPROVE THE ORDINANCE AS AMENDED, THE MOTION WAS SECONDED BY COUNCILMEMBER CAMPBELL AND CARRIED UNANIMOUSLY.**

Final Consideration – Ordinance, Marina Fund

Harbormaster Mack Funk presented this agenda bill and proposed ordinance which would add a new chapter to the Oak Harbor Municipal Code establishing the Marina Fund #410 as a codified fund and enterprise fund of the City of Oak Harbor, and directs that the cash and accounting transactions be recorded separately from other City functions. There were no public comments.

MOTION: **COUNCILMEMBER PAGGAO MOVED TO ADOPT THE ORDINANCE ESTABLISHING FUND 410 "MARINA FUND." THE MOTION WAS SECONDED BY COUNCILMEMBER CAMPBELL AND CARRIED UNANIMOUSLY.**

Continuation of Public Hearing and Final Consideration – 2008 Comprehensive Plan Amendments

Development Services Director Steve Powers presented this agenda bill for 2008's Comprehensive Plan Amendments which include three applications requesting changes to the land use designation, an update to the Capital Improvements Plan, and an update of the goals and policies in the Transportation Element of the Comprehensive Plan. This evening's agenda bill presented additional information on the 2008 Comprehensive Plan Amendments. The City Council opened the public hearing on the proposed amendments on December 2, 2008 and continued the public hearing to this December 16, 2008 meeting. At Council's December 2, 2008 public hearing, the Goldie Road properties request to change its land use designation from Planned Industrial Park to Community Commercial drew the most attention from the public and

Council. In discussing the amendments, the City Council raised issues and questions that are summarized below, and staff provided additional information regarding these issues.

- Sales tax revenue differences between uses in the Planned Industrial Park and Community Commercial zoning districts
- Sales tax distribution between City, County, and State
- Shared responsibility for services such as fire and police protection if the property developed in the County
- Detailed minutes of the Planning Commission discussion on the Goldie Road properties
- Responses to Public Comment: the vision for Goldie Road, buffers between uses

Mr. Powers also noted that pages 111 and 112 in the agenda packet were duplicates and that Table 6.6, Enterprise Fund Activities had not been included but will be entered as part of the record (attached as Exhibit B to these minutes).

Mayor Slowik reopened the public hearing at 8:05 p.m., stated that Council had heard and noted prior testimony from December 2, 2008, and asked that previous testimony not be repeated during this continuation of the public hearing.

Gary Robinson, 1361-8 Goldie Street, Evergreen Mobile Home Park. Mr. Robinson apologized for comments he had made during the December 2nd Council meeting. If we are displaced, we would find it difficult to adjust to a move. Most of the homes cannot be moved, most residents are on fixed incomes. If we are rezoned to Community Commercial, most likely development would be our next big box store. We are asking the City to encourage Mr. Byrne to develop the 10 acres north of us and leave us intact. It would be fair and morally correct; a win/win for us all.

Mayor Slowik responded that an apology was unnecessary; we know how frustrated you are. With respect to the term zoning and rezoning, this hearing is for a land use designation. It would rezone when and if an annexation comes forward. You could bring these issues forward then.

Jean Pettelle, 1361-17 Goldie Street, Evergreen Mobile Home Park. Ms. Pettelle thanked the Mayor and Council for listening to Evergreen residents' fears, anger, and frustration. Displaced residents for a big store or big restaurant shows the need for affordable low income housing and for new resources that we may be able to use in the future. Ms. Pettelle wished the very best to Council and their families in the new year, and then said that Mr. Byrne should be mindful of karma, the golden rule, justice and receives everything that he deserves.

Richard Anable, 1361-16, Goldie Street, Evergreen Mobile Home Park. Mr. Anable presented a letter from a 90-year old resident of Evergreen which has been added to the record and these minutes as Exhibit C. Mr. Anable thanked the Mayor, Council, and City Administrator for their consideration and asked if the City could trade some land with Mr. Byrne so Evergreen could remain intact.

Michael Zylinsky, 874 SE Jensen. Mr. Zylinsky asked if there was an urgency to making this change now. There is no need for haste; no big development boom is coming but changing the designation will make that more possible. If Evergreen is left, the park could be updated as people leave and could become an example of low-income housing.

Mayor Slowik added that this is only changing the designation and that it is up to the residents to continue their negotiation with the land owner.

Robyn Kolaitis, Dillard Addition. Ms. Kolaitis spoke with concern that a perspective has been missing from testimony and has yet to be addressed in this forum. She spoke in support of the land use change, potential zoning change, and economic opportunities that could be provided through development of this property. Ms. Kolaitis' full statement is attached to these minutes as Exhibit D.

With no other public comments coming forth, Mayor Slowik closed the public hearing at 8:45 p.m.

Mayor Slowik asked City Attorney Hite to address the emailed letter from Aramburu and Eustis LLP. Ms. Hite noted that this letter conflates the designation change with the zoning change and provides what is implicitly true. Project action vs. non-project action: this is a non-project action. It is a planning level decision and this is what the SEPA check list determined as non-significant. (From the 12/16/08 agenda bill: The SEPA process is intended to review project specific impacts and impose mitigation measures (such as additional setback or landscaping) if the standard regulations are not adequate to address the anticipated impact.)
With respect to the argument that by changing the designation to commercial you would be leaving an island of PIP (an isolated strip of land), staff looked at the remaining PIP and it does meet the five acre requirement.

Council Discussion
Council discussion followed about the SEPA review (there was a review but with no significant impacts), and buffers (code is different that the Comp Plan). The Cliff Howard and Harold Wiley points relate to code and this would be a change in designation, not a zoning change. There is also a difference between buffers and setbacks. Discussion followed about the Planning Commission's recommendations, that the City holds the planning authority while the County holds permitting authority for land outside of the City's limits, and Council is the approving body for annexation. If Mr. Byrne's pending annexation is not approved, then the proponent applies to the County. Discussion continued about mutual aid agreements with the fire department and that the police department has a verbal understanding with the state patrol and sheriff's department concerning response outside of the City's limits; a response is always made.

Discussion followed about how to answer the Aramburu letter, that Council will be reviewing a subsequent item for parcels in the City limits while parcels outside of City limits would still retain the Island County designation of OHPIP. Council would have to approve the annexation request to change the zoning. The letter implies that the parcels along Easy Street do not meet the five acre requirement, but they are contiguous to other properties that would meet or exceed five acres. Council asked about the CTED review and if comments had been received. Mr. Powers noted that an email had been received from CTED and the agency had no comments. Council also talked about the October 9, 2008 letter from Mr. Byrne to the Evergreen Park tenants with regard to tenant assistance and that Mr. Byrne is moving forward with his annexation request as presented to Council in March 2008. Council authorized circulation of an annexation petition; the annexation request is pending. Annexations can take a lengthy amount of time, if complicated; potentially the annexation process can take from three months to a year. Annexation approval does not necessarily start a development clock. There is no way for the City to know what development timeline an owner will be pursuing. Discussion continued about the availability of funds from the Washington Mobile Home Relocation Assistance Program as discussed in Mr. Byrne's letter to Evergreen Park tenants. Council discussion moved to the

Capital Improvements Plan and the levels of services for residents, how often that Plan is revisited (annually for projects; broader review on a five to six year basis), and that the last review was in 2007 with no change in levels of service for the police department and fire department. Levels of service can also be addressed through the City's budget process.

MOTION: COUNCILMEMBER CAMPBELL MOVED TO APPROVE THE 2008 COMPREHENSIVE PLAN AMENDMENTS AS RECOMMENDED BY THE PLANNING COMMISSION AND ADOPT THE REVISED ORDINANCE AS PRESENTED BY STAFF. THE MOTION WAS SECONDED BY COUNCILMEMBER SEVERNS.

Council Discussion

Council members commented that they understood Evergreen's concerns and fears, and want to get as much assistance to them as possible. But, for the whole of the City, it was determined twelve years ago that this was a commercial area and you have a community of almost 23,000 people to serve as well. Proceeding with the annexation process has forced Mr. Byrne to communicate with Evergreen's residents. Discussion continued that the City has to plan for the next twenty years and include opportunities for economic development.

VOTE ON THE MOTION: THE MOTION CARRIED UNANIMOUSLY.

Mayor Slowik called for a short break and the meeting reconvened at 9:10 p.m.

Final Consideration – Ordinance, Amending Chapter 5.22, Cabaret Licenses

The agenda bill was presented by City Attorney Hite who mentioned that page 166 of the agenda packet had a math error: nine licenses equals $1,800 not $2,400. This ordinance was introduced on November 18, 2008, and set for public hearing and public testimony on December 2, 2008. Council then directed staff to research administrative costs associated with the new nightclub license and to include a tiered system of penalties for violation of license conditions. Ms. Hite also talked about the comparisons of other cities' licensing fees; not all license the same kind of activity and a comparison becomes "apples to oranges." The proposed amendment to Chapter 5.22 is not meant to be punitive. It is meant to prevent conflicts and provide a new regulatory structure. The fee addresses administrative costs and the suggested $200 for those costs does not cover the estimated administrative costs of $400 or the public hearing costs. The revised ordinance also includes the police background check fee of $10, and provides a separate schedule of penalties for failing to obtain a license and for violating the conditions of the license.

Mayor Slowik called for public comments.

Kelly Biedle. Oak Harbor Tavern. Ms. Biedle mentioned that no one in Oak Harbor has adult entertainment.

Jason Tritt, Flyer's Restaurant and Brewery. Mr. Tritt felt the fees are fairer with the revision, but talked about Flyer's, which serves more food than other establishments, still not being able to meet the 75/25 ratio. As a brewery, Flyer's is also a manufacturer and pays fees to the State. He said that the State did away with the 75/25 ratio and that establishments can hold plated items simply to meet a ratio. He asked Council to reconsider the 75/25 ratio, that Flyer's has live music but not all of the time, and that a profit is not made off of the live entertainment. Mr. Tritt also talked about the White Snake Law, and that from that law, fire departments define what constitutes a nightclub. This ordinance could state specific criteria, a tiered system of criteria, that would be fairer to restaurants. We already pay a lot of money to Island County. Identify restaurants vs. nightclubs.

Stephen Despopoulos, Oak Harbor Tavern. Mr. Despopoulos thanked Council for considering lower fees and hoped this will be a fair and equitable solution for both the City and businesses.

Mike Kummerfeldt, Element. Mr. Kummerfeldt felt the proposed ordinance might be too broad, and agreed with Mr. Tritt's proposal to meet certain criteria so restaurants are not handicapped by the new ordinance.

With no other comments coming forth, Mayor Slowik closed this portion of the meeting at 9:20 p.m.

Council Discussion

Council discussion followed about possible criteria for restaurants, that the proposed ordinance is meant to reach those establishments that are serving alcohol and have music after 10:00 p.m., and that the existing ordinance is too broad and the proposed ordinance narrows the language to reach nighttime activities that conflict with an establishment's neighborhood. Discussion continued about the definition of a nightclub and forms of music, enforcement, and the nine cabaret licensees in Oak Harbor now.

MOTION: **COUNCILMEMBER PALMER MOVED TO APPROVE THE ORDINANCE AMENDING CH. 5.22 OF THE OAK HARBOR MUNICIPAL CODE, PERTAINING TO CABARET LICENSES, CHANGING THE TERM "CABARET" TO "NIGHTCLUB," DEFINING "NIGHTCLUB," SETTING LICENSE CONDITIONS TO ADDRESS NOISE AND OTHER HEALTH AND SAFETY IMPACTS, INCREASING THE LICENSE FEE, ESTABLISHING PENALTIES FOR LICENSE VIOLATIONS AND MAKING OTHER CHANGES TO CH. 5.22 OHMC. THE MOTION WAS SECONDED BY COUNCILMEMBER SEVERNS.**

VOTE ON THE MOTION: **COUNCILMEMBERS MUNNS, PAGGAO, PALMER AND SEVERNS VOTED IN FAVOR OF THE MOTION, COUNCILMEMBER CAMPBELL OPPOSED. THE MOTION CARRIED.**

Final Consideration – Ordinance, Amending 2007-2008 Biennial Budget

This agenda bill was presented by Finance Director Doug Merriman. The Finance Department has completed their final review of the budgetary requirements for fiscal year 2008. The purpose of this review is to re-examine the current cost of operations, special projects, labor costs, and other City functions that may require a budget amendment due to changes that may have occurred since the 2007-2008 budget was originally projected in the fall of 2006. This year

there are four proposed changes that are being incorporated into the final budget amendment for 2008. These changes are for the following reasons:

1) Sewer Bond Construction Fund
   a. During 2006, the City budgeted for the issuance of bonds to pay for expenditures related to upgrades at the sewer lagoon and improvements on Scenic Heights and West Meadows. At the time the budget was estimated (2006), the projection was made that the project would incur a significant portion of the costs in Fund #362 2004 Sewer Bond Construction Fund during 2008. However, the decision was made to record this project in Fund #402 Sewer Fund to better track the project costs. A "housekeeping" amendment is needed to remove these budgeted amounts from Fund #362 2004 Sewer Bond Construction Fund.
2) Equipment Repair Fund
   a. The Equipment Repair Fund #501 bulk purchases fuel to "resell" to City departments, such as fire, police, solid waste, and parks, as needed. During 2008, the price of fuel has been significantly higher than 2006 estimates. This increased cost has been passed on to those departments purchasing fuel. An amendment is needed to increase the 2008 expenditure budget in Fund #501 to appropriate the higher costs, with an offsetting increase in revenue from charges to other departments to show the increased charges being billed out to user departments. The paying departments have already been adjusted to reflect the higher costs.
3) 2008 LOCAL Bonds for Fire Engine Purchase
   a. During 2008, the City obtained $192,000 in LOCAL financing through the State of Washington to finance the purchase of two fire engines. The first payment on the LOCAL bond is scheduled for December 2008. The current 2008 budget needs to be amended to reflect this payment.

Mayor Slowik called for public comments.
Mel Vance, 275 NW 8th. Mr. Vance suggested an additional adjustment to help cover the cost of snow removal equipment.
There were no other comments.

MOTION: COUNCILMEMBER SEVERNS MOVED TO APPROVE THE ORDINANCE AMENDING THE 2007-2008 BIENNIAL BUDGET TO SET FINAL EXPENDITURE AUTHORITY ADJUSTMENTS FOR YEAR 2008. THE MOTION WAS SECONDED BY COUNCILMEMBER PALMER AND CARRIED UNANIMOUSLY.

Resolution – Fire Department Interim Command Compensation
Fire Chief Mark Soptich presented this agenda bill. In order to continue with our progress towards providing a sound organizational plan for the Oak Harbor Fire Department, it is advisable to continue the interim compensation plan for the Battalion Chief position. This agenda bill recommended approving the attached resolution which will continue with the interim command duty compensation at a monthly rate of $2,010.66 until a new plan is implemented or until June 30, 2009. The monthly interim amount of $2,010.66 is the 2008 twelve month average the Battalion Chief position has received for command duty and is equitably comparable to the compensation this position has received since the implementation of command duty compensation in this manner.

There were no public comments.

MOTION: **COUNCILMEMBER CAMPBELL MOVED TO APPROVE RESOLUTION 08-19 PROVIDING AN ADDITIONAL MONTHLY PREMIUM FOR THE BATTALION CHIEF POSITION AS INTERIM COMMAND RESPONSE COMPENSATION. COUNCILMEMBER MUNNS SECONDED THE MOTION AND IT CARRIED UNANIMOUSLY.**

Oak Harbor Police Department Agreement – Commissioned Unit
Rick Wallace, Chief of Police, presented this agenda bill and noted a correction to the dates on page 198 of the agenda bill. In late November 2008, a tentative agreement between the City of Oak Harbor and the Oak Harbor Police Association was reached covering the employment contract for the commissioned bargaining unit. The terms of the agreement are as follows;

- The current agreement expires on December 31, 2008. (It was very important to both sides to come to an agreement prior to the expiration of the current contracts).
- The terms of the new agreement are for one year, expiring on December 31, 2009.
- This agreement provides for a 4% cost of living increase, (consistent with all other non-represented City of Oak Harbor employees).
- Other than the cost of living increase, there are no other changes to the current labor agreement.

Police Association President, Renee Mueller thanked City Attorney Hite and City Administrator Schmidt for their work on this timely agreement and the City's willingness to use a one-year contract.

Mayor Slowik called for public comments.
Mel Vance, 275 NW 8th. For this agenda item and the next agenda item: Mr. Vance said that the officers deserve the agreement and he also included a thanks to Oak Harbor's firefighters. No other public comments.

MOTION: **COUNCILMEMBER PALMER MOVED TO APPROVE THE AGREEMENT AND AUTHORIZE THE MAYOR TO SIGN THE AGREEMENT FOR THE OAK HARBOR POLICE ASSOCIATION COMMISSIONED UNIT. THE MOTION WAS SECONDED BY COUNCILMEMBER PAGGAO AND CARRIED UNANIMOUSLY.**

Oak Harbor Police Department Agreement – Non-Commissioned Unit
OHPD Chief Wallace also presented this agenda bill and noted a correction to the dates on page 247 of the agenda bill. In late November 2008, a tentative agreement between the City of Oak Harbor and the Oak Harbor Police Association was reached covering the employment contract for the non-commissioned bargaining unit. The terms of the agreement are as follows;

- The current agreement expires on December 31, 2008. (It was very important to both sides to come to an agreement prior to the expiration of the current contracts).
- The terms of the new agreement are for one year, expiring on December 31, 2009.
- This agreement provides for a 4% cost of living increase, (consistent with all other
- non-represented City of Oak Harbor employees).

- Jail Officers shall now work the 3-12 hour shift, (changed from the 5-8 hour shift and the Jail Supervisor shall work the 4-10 hour shift, (this is a new position with no previous language to describe hours of work).
- All of the remaining language remains the same as is in the current agreement.

MOTION: **COUNCILMEMBER MUNNS MOVED TO APPROVE THE AGREEMENT AND AUTHORIZE THE MAYOR TO SIGN THE AGREEMENT FOR THE OAK HARBOR POLICE ASSOCIATION NON-COMMISSIONED UNIT. THE MOTION WAS SECONDED BY COUNCILMEMBER PALMER.**

Council Discussion
Council discussion followed about the 4% COLA and if this increase is included in the new budget (yes), and concern with 12-hour shifts (has not been a problem; Association prefers 12-hour shifts).

VOTE ON THE MOTION: **THE MOTION CARRIED UNANIMOUSLY.**

Mayor Slowik thanked the bargaining team.

Contract Award – Jensen and Pasek Waterline Replacement
Development Services Director Steve Powers presented this agenda bill which recommended awarding a construction contract for the waterline replacement project for SE Pasek Street and SE Jensen Streets to C. Johnson Construction Inc., in the amount of $433,636.33.
Staff received and opened sixteen sealed bids on December 2, 2008. Two bid schedules (One for SE Jensen and one for SE Pasek Street) were requested to permit flexibility in contract award if the total project exceeded the budgeted amount. The contract will replace existing waterlines in SE Jensen Street from SE Pioneer Way to SE 8th Avenue and on SE Pasek Street from SE 8th Avenue to S Whidbey Avenue including SE 2nd Court. Complete resurfacing of SE Pasek Street from SE 4th Street to Whidbey Avenue is also included in the project.

Council Discussion
Discussion followed about the total number of bidders, number of bidders from Oak Harbor, and that the low bidder is from Oak Harbor.

MOTION: **COUNCILMEMBER SEVERNS MOVED TO:**
1. **AUTHORIZE THE MAYOR TO SIGN A CONTRACT WITH C. JOHNSON CONSTRUCTION INC. IN THE AMOUNT OF $433,636.33.**
2. **AUTHORIZE THE CITY ENGINEER TO ADMINISTRATIVELY APPROVE CHANGES TO THE CONSTRUCTION CONTRACT TOTALING NOT MORE THAN $43,000.00.**
3. **AUTHORIZE $4,336.00 TO BE SET ASIDE FOR PUBLIC ART.**

THE MOTION WAS SECONDED BY COUNCILMEMBER PALMER AND CARRIED UNANIMOUSLY.

City Administrator's Comments
City Administrator Schmidt talked about the Marina's Holiday Party on December 17th beginning at 2:30 p.m., and thanked everyone for a good year.

Councilmembers' Comments
Council members gave their respective standing committee reports and thanked staff for their work.

Mayor's Comments
Mayor Slowik noted how nice it is to work with the Council and thanked staff for their responsiveness and hard work. A very, merry Christmas to all.

ADJOURN
With no other business coming before Council, **Councilmember Campbell moved to adjourn; the motion was seconded by Councilmember Paggao and carried unanimously.** The meeting adjourned at 10:00 p.m.

_____
Connie T. Wheeler
City Clerk

EXHIBIT A

Good evening Mayor and City Council Members:

My name is Hap Fakkema and I am here tonight representing the Interfaith Coalition of Whidbey Island. We are a non- profit organization just newly formed here on the Island. Our purpose is to outreach to the homeless. I am here tonight to ask your help in an upcoming event planned for Saturday, January 24th. . Our starting time will be 8:00am – 4:30 pm that day. We are planning a food drive that will be held on the old Ford car lot on highway 20. I have been working with the property owners and the help house for the last month to set this event up. We have obtained a 40 foot trailer from Whidbey moving and the permission to use the area needed. We are asking tonight for your participation to bring awareness to the community about our growing problem with the homeless and less fortunate here in our local area. Would you be willing to help on that day and be involved during hours of the day to bring attention to our cause?
Our group has been involved in feeding the homeless on Flintstone freeway with the Church of Christ and Christian Reformed church outreach groups during the spring and summer months. We have handed out school supplies and coats before the school year start. We are aware of the need of food at our local help house and have since been working on this event to maybe become a bi-yearly event. We would really appreciate the attention you could bring as city representatives to this cause. Please contact me when possible at the given number below.
Thank you for your time.

Hap Fakkema
360-675-0759
fakkemak@comcast.net

Interfaith Coalition of Whidbey Island

Mission: "Congregations Networking to Love and Serve Our Neighbors in Need."

Vision:

Interfaith Coalition of Whidbey Island is a partnership of local congregations working together to provide basic necessities to local people in need. ICW seeks to unify our common faith in God and compassion for humanity to pursue one cause, … a better Whidbey Island for everyone. By combining resources and working with local agencies, we can have a greater impact in addressing housing, health care, and other needs than any one congregation can do alone.

We seek to increase our neighbor's chances for self sufficiency by being an ongoing source of support, encouragement, unconditional love, and acceptance in order to provide the hope they need to be successful in the community. We strive to build relationships by:

- increasing compassion awareness of our neighbor's needs
- networking with churches and other organizations
- providing volunteer opportunities for service

Members of ICW believe that caring for our neighbors is a spiritual matter for all faiths. We strive to assist congregations in their efforts to make the message of compassion, respect, and hope a reality for our entire community.

EXHIBIT B

Table 6.6 Enterprise Fund Activities - Revenues/Expenditures/Available resources

	2006	2007	2008	2009	2010	2011	2012	2013
Water								
Revenues	3,440,757	4,231,267	4,755,399	5,367,244	4,558,332	4,740,665	4,930,292	5,127,504
Expenditures	3,388,321	3,605,722	5,379,331	5,567,437	4,136,935	4,368,603	4,613,245	4,871,587
Available	$52,436	$625,545	($623,932)	($200,193)	$421,397	$372,062	$317,047	$255,917
Wastewater								
Revenues	3,713,378	4,390,338	6,631,810	5,769,504	6,003,783	4,670,003	4,810,103	4,954,406
Expenditures	2,926,219	4,464,512	6,436,378	5,488,290	4,533,423	3,960,447	4,182,232	4,416,437
Available	$787,160	($74,173)	$195,432	$281,214	$1,470,360	$709,556	$627,871	$537,969
Storm Drainage								
Revenues	1,098,260	970,810	1,565,455	1,171,575	1,473,212	1,546,873	1,624,216	1,705,427
Expenditures	1,049,879	1,040,305	1,942,652	1,004,455	1,024,844	1,082,235	1,142,841	1,206,840
Available	$48,381	($69,495)	($377,197)	$167,120	$448,368	$464,637	$481,376	$498,587
Marina								
Revenues	1,353,954	1,343,779	1,290,667	1,534,226	1,598,360	1,662,294	1,728,786	1,797,938
Expenditures	1,447,096	833,992	1,103,022	1,315,141	1,193,849	1,260,705	1,331,304	1,405,857
Available	($93,142)	$509,787	$187,645	$219,085	$404,511	$401,590	$397,482	$392,081

EXHIBIT C

LETTERS TO THE EDITOR;

We, the people:

A plea to the city council that we elected: This could be our last home on earth, PLEASE , please, please don't destroy our last home. —not for me, but for all the people who have given their lifetime FOR ALL OF US, fighting wars, germs, storms, depressions, circumstances, tragedies, and willful gossip, to make each-other's lives a passing point as we all travel through this life' pathway, they have only their homes left. *Don's take it away—give them the vote*

When you cast your vote: Remember...the belief we trusted in you when we elected you to represent us. , Also remember that we are all on our last lap OF LIFE on this earth: We fought wars, contagious diseases, destructive weather, equally destructive gossip, computer-advancements, and whatever else was thrown at us. And we survived! We survived for all of you and us...WE should survive this if we are given the consideration due us, as citizens who gave of ourselves so unselfishly for the betterment of mankind.

Now you want our home for a bit of filthy lucre.

Show us that you do still have some decency left! Cast your vote for the people who helped you keep your freedom, instead of wadded-up money bills that will NOT HELP THE PEOPLE MOST IN NEED.

THIS REMINDS ME OF A ;SONG...The rich get richer, and the poor get the ash-can.....Prove me wrong...Vote against the rezoning of Goldie Road.

I thank you,

Just'

Flora Ayre

EXHIBIT D

I read the minutes from the last meeting, and believe there is a community perspective that has yet to be addressed in this forum. I appreciate the opportunity to comment this evening.

Mr. Byrne will determine whether or not he wants to continue to be a Landlord regardless of your decision on this issue this evening. That is and should be his right as a property owner.

I appreciate the difficulty of relocation on these families and hope the best for them, but their fate is not to be determined by you.

Realistically, no one is entitled to rent someone else's property indefinitely. If that was the case, who would ever bother with a mortgage and property taxes?

But a mortgage and property taxes are my reality, and I need to work.

A change to C-3 zoning allows for what some refer to as low-wage, big box stores. These stores are referred to with disdain by some, as though they are an evil blight on our community. I have a different perspective. As a mother of very young children, these stores provide flexible schedules and part-time opportunities for employment not otherwise found on this Island.

I have looked for a job this year, and this kind of part-time, flexible employment is not easy to come by here. I resent the continually regurgitated phrase that this island doesn't need any more low-wage jobs. Who exactly gets to decide what is a low-wage? Frankly, I will decide what wage I am willing to work for and I resent the implication that the job I have now is somehow not worth having and not worth doing. The reality is that a low-wage job pays more than no job and a low-wage job on the island is far better than commuting to a low-wage job off the island. Low wage jobs are necessary and will always exist. They serve a purpose in our communities as stepping stones and supplemental income.

Even if you leave this property zoned PIP, there is no guarantee it will be occupied by a higher wage paying employer. Realistically, under current zoning, it has not been occupied by any employer at all. And we need jobs.

I do not know Mr. Byrne, and certainly I'm in no position to comment on his moral character, but I do appreciate the monetary risk he has taken in this

endeavor and I am disgusted by the class-warfare driven tactic of vilification of him by so many others who also admit they do not know him.

And yes, it is all about money. Money is how honest people exchange goods for services rendered. And I require it. I require it to keep a roof over my head, food on my table and clothes on my kids. Mr. Byrnes' quest for profit provides my family with opportunities we would otherwise not have.

Changing this zoning is not a guarantee development will occur, but it does provide opportunities not currently available. Roads, storm water, wetland issues will all be addressed during development, hopefully better than they have been addressed in the past.

This zoning change provides more opportunities for working class families to work on the island. Your decision should be to provide as many opportunities for your constituents as possible. You cannot decide on the fate of the mobile home park, but your decision does directly affect the opportunities available to working class families like mine. Thank you for your time.

City of Oak Harbor

OFFICE OF THE MAYOR
JIM SLOWIK
MAYOR

PROCLAMATION

WHEREAS, In May 1985 Dr. Gordy Klatt took to a track in Tacoma and completed the first 24-hour walk/run, raising $27,000 for the American Cancer Society. The following year, 220 supporters on 19 teams joined Dr. Klatt in this overnight event and the American Cancer Society Relay For Life was born; and

WHEREAS, over the last 25 years, Relay for Life has spread to over 5,000 communities in the United States and over twenty foreign countries; and

WHEREAS, the Relay For Life is a fun-filled 24-hour walk/run team event designed to celebrate survivorship and raise money for research, education, advocacy and patient programs of the American Cancer Society; and

WHEREAS, the Relay For Life represents hope that those lost to cancer will never be forgotten, that those facing cancer will be supported, and that one day, cancer will be eliminated; and

WHEREAS, in 2008, Island County raised $240,830.75; and

WHEREAS, the twenty-second anniversary Relay For Life of North Whidbey "Back to the Future" Kickoff Celebration is Wednesday, January 7, 2009.

NOW, THEREFORE, WE, Jim Slowik, Mayor, and the Council members of the City of Oak Harbor hereby proclaim Wednesday, January 7, 2009 as

NORTH WHIDBEY RELAY FOR LIFE DAY

in the City of Oak Harbor, and urge all citizens of Oak Harbor to participate in the 2009 Relay For Life; and join us in recognition of the many volunteers that dedicate their time and efforts to help find a cure for cancer.

Signed this 6th day of January, 2009

Jim Slowik, Mayor

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City of Oak Harbor

OFFICE OF THE MAYOR
JIM SLOWIK
MAYOR

PROCLAMATION

WHEREAS, Dr. Martin Luther King, Jr. was a visionary American and a dedicated leader, who believed deeply in liberty and dignity for every person. His faith and courage continue to inspire America and the world. We honor his life and his work; and,

WHEREAS, Dr. King's dream inspired our Nation with what he called "a certain kind of fire that no water could put out." Since Dr. King's involvement in the civil rights movement in the 1950's and 1960's, Americans have witnessed the power of the law to prevent injustice and encourage the finest qualities of our Nation; and,

WHEREAS, Dr. Martin Luther King, Jr. believed in the good that exists in all men and women. We will remember the work of Dr. King as we continue striving to meet the founding ideals of our great Nation; and,

WHEREAS, we urge all citizens to join us in this observance in order to honor this great American for his courageous and unselfish leadership.

NOW, THEREFORE, WE, Jim Slowik, Mayor, and Councilmembers of the City of Oak Harbor do hereby proclaim Monday, January 19, 2009 as

MARTIN LUTHER KING JR. DAY

Signed this 6th day of January, 2009

Jim Slowik, Mayor

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City of Oak Harbor
City Council Agenda Bill

Bill No. 5

Date: January 6, 2009

Subject: **PUBLIC COMMENTS**

FROM: **Jim Slowik, Mayor**

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

Jim Slowik, Mayor
Paul Schmidt, City Administrator
Doug Merriman, Finance Director

- Budgeted Item: Yes No N/A
- Budget Adjustment Required: Yes No N/A
- Funds Available for Appropriation: Yes No N/A
- Budget Strategy Approved: Yes No N/A

Margery Hite, City Attorney

SUMMARY STATEMENT

City Council will accept public comments for items not otherwise on the agenda for the first 15 minutes of the Council meeting. You may also speak to any of the consent agenda items.

City of Oak Harbor
City Council Agenda Bill

Agenda Bill No. O/A 6A
Date: January 6, 2009
Subject: Marina Advisory Committee Appointment

FROM: Jim Slowik, Mayor

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

JS Jim Slowik, Mayor
PS Paul Schmidt, City Administrator
____ Doug Merriman, Finance Director
MH Margery Hite, City Attorney, as to form

SUMMARY STATEMENT: On December 16, 2008, the Oak Harbor City Council passed Ordinance No. 1541. Section Two of this ordinance adds a new Chapter 2.39 to the Oak Harbor Municipal Code entitled "Marina Advisory Committee". Pursuant to OHMC 2.39.030, the Marina Advisory Committee shall consist of five committee members. The committee members are appointed by the mayor subject to confirmation by the city council per OHMC 2.39.040(1). Normally, committee members serve for a three-year term. However, OHMC 2.39.040(3) specifies member terms will be staggered with Positions #1 and #2 appointed for an initial term of one year and for three-year terms thereafter, Positions #3 and #4 appointed for an initial term of two years and for three-year terms thereafter, and Position #5 appointed for an initial term of three years with three-year terms thereafter.

Mayor Slowik is forwarding a recommendation to the City Council to appoint the following to the Marina Advisory Committee:

Position #1 -- Dave French	1 year term, expiring December 31, 2009
Position #2 -- Steve Williford	1 year term, expiring December 31, 2009
Position #3 -- Al Koetje	2 year term, expiring December 31, 2010
Position #4 -- C. C. Harbour	2 year term, expiring December 31, 2010
Position #5 -- Debbie Skinner	3 year term, expiring December 31, 2011

STANDING COMMITTEE REVIEW:
The Government Services Committee reviewed this item at their December 8, 2008 meeting.

RECOMMENDED ACTION: Approve the appointment of the following to the Marina Advisory Committee:

Position #1 -- Dave French	1 year term, expiring December 31, 2009
Position #2 -- Steve Williford	1 year term, expiring December 31, 2009
Position #3 -- Al Koetje	2 year term, expiring December 31, 2010
Position #4 -- C. C. Harbour	2 year term, expiring December 31, 2010
Position #5 -- Debbie Skinner	3 year term, expiring December 31, 2011

ATTACHMENTS:
None

MAYOR'S COMMENTS:

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City of Oak Harbor
City Council Agenda Bill

Agenda Bill No. CA 6B
Date: January 6, 2009
Subject: Community Police Advisory Board Appointment

FROM: Jim Slowik, Mayor

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

Jim Slowik, Mayor
PAS Paul Schmidt, City Administrator
Doug Merriman, Finance Director
MLH Margery Hite, City Attorney, as to form

SUMMARY STATEMENT: Pursuant to OHMC 2.50.020, the Police Department has a nine member citizens advisory board known as the "Community Police Advisory Board". This Board, which has been in existence since 1991, meets every other month in accordance with OHMC 2.50.060(1).

Per OHMC 2.50.030(1), Mayor Slowik is forwarding a recommendation that Beth Morgan be appointed to the Board to fill a resident slot vacated in March by Lt. Gerald M. Hall who was transferred out of the area. Ms. Morgan is a resident of the city of Oak Harbor and her appointment would continue to meet the board member residency requirement of OHMC 2.50.020(1). All other qualifications listed under OHMC 2.50.020 would be met.

Ms. Morgan's term would commence January 6, 2009 and would terminate on January 6, 2013.

STANDING COMMITTEE REVIEW: There was no standing committee review.

RECOMMENDED ACTION:
Approve the recommendation to appoint Beth Morgan to the Community Police Advisory Board for a term of four years beginning January 6, 2009 and terminating January 6, 2013.

ATTACHMENTS:
Biography Form.

MAYOR'S COMMENTS:

Biography Form

Recommended Board Appointment for: Police Community Advisory Board (CAB)

Name: Elizabeth Ann Morgan Date: 11/29/08

Address: [redacted]

City, State, Zip: Oak Harbor, WA 98277

Mailing Address (if different): _____

Resident of Oak Harbor/Whidbey Island for: 8/2 years/months

Occupation and Place of Employment (if retired, reference previous occupation):
Work First Program Coordinator
Skagit Valley College
Pioneer Way Oak Harbor, WA 98277

Local Group or Civic affiliations: Anacortes Women of Today - 2001

Special Interests: Youth Programs, Community Service Projects, Empowering Women

Other General Comments: _____

When completed, please return to:

Martha Folsom, Oak Harbor Police Department, 860 SE Barrington Drive, Oak Harbor, WA 98277

City of Oak Harbor
City Council Agenda Bill

Agenda Bill No. 7
Date: January 6, 2009
Subject: Lodging Tax Advisory Committee Recommendations for Grant Program

FROM: Doug Merriman, Finance Director

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

Jim Slowik, Mayor
Paul Schmidt, City Administrator
Doug Merriman, Finance Director
Margery Hite, City Attorney, as to form

SUMMARY STATEMENT: The City of Oak Harbor sponsors an annual grant program funded by revenues from lodging tax proceeds, more commonly known as the Lodging Tax Grant Program. Organizations are encouraged to apply for funding if they feel that their activity promotes tourism in a manner that attracts visitors to Oak Harbor from other localities.

RCW 67.28.1817(2) directs that City Councils must officially refer any issue involving 2% funds to the Lodging Tax Advisory Committee at least 45 days prior to the final enactment of any imposition, increase, repeal, or change in use of the revenue received from the tax. City Council, at the August 6, 2008 meeting, referred to the Lodging Tax Advisory Committee a request for the committee to review applications for the City's 2% hotel motel tax grant program for 2009.

This year, the City received three applications for grant funding. The Lodging Tax Advisory Committee reviewed the applications at their November 20, 2008 meeting, and is forwarding their recommendation to Council.

Use of 2% Funds: The City receives two types of 2% funding - the Basic 2% Lodging Tax and the Additional 2% Lodging Tax. It is currently estimated that both types of Lodging Tax will generate approximately $80,000+ in revenues during 2008. Of the $80,000 received for the Basic 2% Lodging Tax, $52,350 is paid to the Chamber of Commerce under a tourism services agreement, with the remaining amount utilized for the Lodging Tax Grant Program, and for payments to support the billboard on State Route 20 encouraging travelers to come to Oak Harbor. The 10-year support agreement with the Chamber is scheduled to expire on June 30, 2009.

Of the $80,000 received by the Additional 2% Lodging Tax, 50% is used to assist in funding the current island-wide marketing effort, with the remaining 50% reserved by the City for its Windjammer Park/Roger Brooks project list.

Grant Recommendations from Committee: The following applications for Grant Year 2009 have been received:

Oak Harbor Chamber of Commerce-Additional Tourism projects	$23,286
North Whidbey Lions Club Car Show	6,000
Oak Harbor Arts Commission-Driftwood Day	2,800
Total Applications	$32,086

After full consideration of the applications, the Lodging Tax Advisory Committee voted to recommend to City Council the following grant awards:

Oak Harbor Chamber of Commerce	$15,000
North Whidbey Lions Club Show	5,000
Oak Harbor Arts Commission-Driftwood Day	1,000
Total Applications	$21,000

In addition, the City will be expending $26,160 during 2009 under the terms of its agreement with the Chamber of Commerce for tourism support, with the projection that some type of contract renewal will take place at the expiration date of the current agreement.

An annual economic impact report will be submitted to CTED per the attached AWC letter and information from the Department of Community, Trade and Economic Development.

STANDING COMMITTEE REVIEW: Reviewed by the Finance Standing Committee on December 10, 2008 with recommendation to present to Council.

RECOMMENDED ACTION:

1. Adopt the recommendation of the Lodging Tax Advisory Committee.

ATTACHMENTS:

1. Memo dated September 16, 2008 to City Managers/Administrators, Finance Directors, Clerks from Jim Justin, Assistant Director of Intergovernmental Relations re: Lodging Tax Reporting Forms.

2. Memo dated July 23, 2008 to Cities, Counties and Towns receiving and using lodging tax receipts from Marsha Massey, Executive Director, Washington State

Tourism Commission re: Requirement to Report to the Department on Lodging Tax Expenditures.

3. Lodging Tax Advisory Committee Comments.

MAYOR'S COMMENTS:

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Lodging Tax Advisory Committee
Recommendations for Grant
Program Agenda Bill - 3

75 YEARS
AWC ASSOCIATION OF WASHINGTON CITIES

cc: P. Schmidt
D. Merriman
K. Crovell

received
9-18-08 CHW

1076 Franklin Street SE • Olympia, WA 98501-1346
360-753-4137 • Toll Free: 1-800-562-8981 • Fax: 360-753-0149 • Insurance Services Fax: 360-753-0148
www.awcnet.org

September 16, 2008

TO: City Managers/Administrators, Finance Directors, Clerks

FROM: Jim Justin, Assistant Director of Intergovernmental Relations

SUBJECT: **Lodging Tax Reporting Forms**

Pursuant to SHB 3206, all cities that have a lodging tax must now submit an annual economic impact report to the Department of Community, Trade and Economic Development (CTED) for expenditures made beginning January 1, 2008. The first reports are due to CTED no later than May 1, 2009 and should be submitted annually until this requirement expires on June 30, 2013.

A document explaining the reporting requirements and necessary forms are available on AWC's website at www.awcnet.org and CTED's website at www.experiencewa.com/industry. The forms are:

- Event or Facility Lodging Tax Report Form for Festivals, Events and Tourism-Related Facilities Operated by Nonprofit Organizations or Owned or Sponsored by Local Jurisdictions
- Lodging Tax Official Report Form

In addition to this memo, this information was sent to all mayors, city managers/administrators, finance directors and clerks via email, and publicized in our *Legislative Bulletin.* If you have any questions, please contact Alicia Seegers Martinelli, Research Coordinator, at (360) 753-4137 or aliciam@awcnet.org.

Enclosure: CTED memo to cities

STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT
128-10th Avenue SW, PO Box 42525 · Olympia, Washington 98504-2525 · (360) 725-4000 · Fax (360) 586-8440

July 23, 2008

MEMO TO: Cities, Counties and Towns receiving and using lodging tax receipts

FROM: Marsha Massey, Executive Director, Washington State Tourism Commission

SUBJECT: Requirement to Report to the Department on Lodging Tax Expenditures

As you may know, Substitute Senate Bill 5647 passed during the 2007 legislative session. Among other things, this bill expands the uses of the local portion of the lodging tax to include the funding of "special events and festivals." Along with that expansion, the Legislature is requiring local jurisdictions receiving and spending lodging tax dollars on these activities to report to the Department of Community, Trade and Economic Development each year until the Section expires in June 30, 2013.

The Legislature clarified the reporting requirement during the 2008 legislative session, passing SHB 3206 (Chapter 28, Laws of 2008). Reporting begins January 1, 2008, with the first report due to CTED no later than May 1, 2009.

Specifically, the law now requires "Local jurisdictions that use the lodging tax revenues under this section must submit an annual economic impact report to the department of community, trade, and economic development for expenditures made beginning January 1, 2008." This economic impact report, at a minimum, must include:

a) The total revenue received under this chapter for each year;
b) The list of festivals, special events, or nonprofit 501(c)(3) or 501(c)(6) organizations that received funds under this chapter;
c) The list of festivals, special events, or tourism facilities sponsored or owned by the local jurisdiction that received funds under this chapter;
d) The amount of funding expended on each festival, special event, or tourism-related facility owned or sponsored by a local jurisdiction or a nonprofit 501(c)(3) or 501(c)(6) organization;
e) The estimated number of tourists, persons traveling over fifty miles to the destination, persons remaining at the destination overnight, and lodging stays generated per festival, special event, or tourism-related facility owned or sponsored by the local jurisdiction or a nonprofit 501(c)(3) or 501(c)(6) organization; and
f) Any other measurements the local government finds that demonstrate the impact of the increased tourism attributable to the festival, special event, or tourism-related facility.

Lodging Tax Advisory Committee Comments

In accordance with RCW 67.28.1817(2), the following comments and analysis is submitted as a synopsis from the November 20, 2008 Advisory Committee meeting conducted at the Oak Harbor City Hall Conference Room.

Comments:

Three applications for use of City of Oak Harbor 2009 Lodging Tax 2% funding were received within the prescribed deadline (Oak Harbor Chamber of Commerce, North Whidbey Lions Club and Oak Harbor Arts Commission).

All applications appear to meet the requirements for use of Lodging Tax 2% funding.

All applicants were prior recipients of Lodging Tax 2% funding from the City of Oak Harbor.

Analysis:

Oak Harbor Chamber of Commerce – has demonstrated over the years as being an effective promoter of tourism. The City of Oak Harbor has realized an increase in 2% lodging tax revenues every year the Chamber has received funding. Therefore the Chamber of Commerce's tourism efforts can be considered a positive influence on the long term viability and stability of the City of Oak Harbor's 2% lodging tax fund. The Lodging Tax Advisory Committee recommended a fund allowance of $15,000 to augment the Chamber's general promotion activities. Those activities for 2009 will include the continuation of the lure brochure campaign, 15 second digital ad display on the State Ferry system, tourism postcard program which leads to tourism info requests and continuation of the local sports marketing program for off island participation.

North Whidbey Lions Club Show – will host the 24th Annual Show in Oak Harbor on August 8, 2009. The Lions Club reports that a typical car show in Oak Harbor results in approximately 200 registered participants which draws an estimated 5,000 spectators which includes many visitors off of Whidbey Island. Given the number of registrants and spectators reported by the Lions Club, this activity is a positive influence on the number of tourists visiting Oak Harbor and will continue to provide long-term stability to the City's 2% lodging tax fund. The Lodging Tax

Advisory Committee recommended a fund allowance of $5,000 to support the Lions Club advertising effort for the 24th Annual Car Show.

Oak Harbor Arts Commission – Driftwood Day – this one day event will be the 4th annual Driftwood Day festival in 2009. Driftwood Day is an event that celebrates the creativity of any individual(s) who wish to participate by building driftwood sculptures on the City's Windjammer Park beach with driftwood or any article found on the beach at the start of the festival. Finished driftwood displays are then professionally judged and winners are proclaimed. This event has grown in popularity the last three years and has drawn participants from outlying regions (Kent, Seattle, Mt Vernon, Sultan and Bellingham to list a few). Overall participation is estimated from 200 – 300 participants and spectators. As a relatively new activity, Driftwood Day is projected to be a positive influence on the 2% lodging tax revenue and can attribute to off island visitation to Oak Harbor. The Lodging Tax Advisory Committee recommended a fund allowance of $1,000 to support the 4th Annual Oak Harbor Arts Commission Driftwood Day.