City Council Regular Meeting
Tuesday, March 20, 2012, 6:00 p.m.
City Hall – Council Chambers

CALL TO ORDER Mayor Dudley called the meeting to order at 6:00 p.m.

AGENDA Mayor Dudley asked if there were any objections to the agenda as presented for this evening's meeting. There were no objections.

INVOCATION Andy Mahoney, Grace Community Church

ROLL CALL

Mayor Scott Dudley
Seven Members of the Council,
- Rick Almberg
- Jim Campbell
- Tara Hizon
- Beth Munns
- Danny Paggao
- Joel Servatius
- Bob Severns

Steve Powers, Interim City Administrator
Bill Hawkins, City Attorney
Doug Merriman, Finance Director
Cathy Rosen, Public Works Director
Eric Johnston, City Engineer
Jessica Neill Hoyson, Human Resources Director
Rick Wallace, Chief of Police
Lt. John Dyer, Oak Harbor Police Department
Renée Recker, Executive Assistant to the Mayor

Minutes
With no changes or corrections, the 3/6/12 regular meeting minutes were accepted as presented.

Patrol Officer of the Year Presentation for 2011 – Officer Mike Clements
Chief of Police Rick Wallace introduced Lt. Dyer and Officer Clements and Lt. Dyer presented the award. This award honors the men and women of the Patrol Division who play an important role in making Oak Harbor a livable and safe city. Lt. Dyer talked about the criteria which must be met to receive this award, and Officer Clements' achievements in the Department noting that Officer Clements will also be receiving a Red Cross Hero Award for administering live-saving CPR. Officer Clements introduced his family, and Mayor and Council thanked him for making Oak Harbor an even better place to live.

Break
Mayor Dudley called for a break at 6:10 p.m. to allow Council a chance to personally thank Officer Clements. The meeting reconvened at 6:15 p.m.

Mayor Dudley called for public comments.

Public Comments

Paul Brewer, Oak Harbor. Recently, I got information from several non-profits. They have been the backbone of Oak Harbor. I found out that the Chamber, under Jill Johnson's direction, will ask non-profits to pay the same as commercial vendors for the Holland Happening and Fourth of July events. This is not fair to non-profits and the Chamber should change this policy. The Chamber should be bringing the community together. I urge you to talk to the Chamber and to Jill.

Shane Hoffmire, Oak Harbor. I am proud to call Oak Harbor home. What I witnessed at a recent Council meeting was the hardest thing I have had to watch. Your audience left in unison without coercion. We have a decision left to make; are we on the same team or are you the enemy? It was said of the Council, this is what's wrong with our country. Together let us be what is right with our country. As John F. Kennedy said, civility isn't a sign of weakness.

Helen Chatfield-Weeks, 1415 SE 9th, Oak Harbor. Thanks for the Council's participation in the St. Patrick's Day parade and thanks to Danny Paggao, in particular, for kissing the blarney stone. Ms. Chatfield-Weeks also spoke about the passing of Katherine Henderson who had been a long-standing member of the Irish Wildlife Society.

Edward Johnson, Oak Harbor. My comments are with regard to the last Council meeting - the hypocrisy, accusations, and innuendo of things done behind closed doors. At the same time and just prior to this, the accusations about the Mayor. I read a letter from the City Engineer which mentioned a sham and Mr. Almberg used it in his statement that night. It troubles me that, Council, you promised you would do what is best for the City. Political, private, and personal agendas are what you presented at the last meeting. A difference of opinion stimulates good discussion. Take a situation and find a solution through compromise. I think the comments were out of line. No one deserves to be stood and stripped as Ms. Neill Hoyson was that night. Ms. Munns comments didn't address the process during the panel, but brought the process up at the Council meeting. I'm not against you (Council); we want you to work in the City's and citizen's best interest.

Bill Strowbridge, Oak Harbor. I agree with everything Mr. Johnson said. Get on with doing the people's business not the politician's business.

Mel Vance, P.O. Box 2882, Oak Harbor. What I was going to say has already been said. I could not make it through the last meeting in one sitting. It made me sick. It represented what is the worst rather than what is best in our country. The comments about the Police Department and Fire Department being involved in politics - they do have that right and no limits on what they do in off-duty time. Look at yourselves first before limiting City employees.

Dean Martin, Oak Harbor. I appreciate the Council having different opinions and asking the tough questions.

Terry Lacey, Oak Harbor. The email (letter mentioned by Edward Johnson) came to everyone but Jim Campbell. You are all wrong.

Farron Rice, Oak Harbor. I'm proud of Oak Harbor and proud I spent my military career here, retired here, and started a business in this community. I was embarrassed by the last meeting. I am proud of our Police Department and Fire Department and proud of how the Council used to present themselves. Start representing the people. There was a process to get to the final two candidate choices for Fire Chief and then the Mayor's choice for Fire Chief. The Fire Department needs to have closure on this. Make that happen tonight. Let's get this over with and do the right thing.
Martha Yount, Oak Harbor. It is hard to follow the previous comments. I did not attend or see the last meeting but I have heard comments - honesty, ethics, openness fairness. How do you run a city without those things? Ms.Yount talked about recent terminations in Pierce County which had been shown on the evening news; how was Oak Harbor missed. Fire Department staff put their lives on the line every week. Council and Mayor, be there for the citizens of our community.

With no other comments coming forth, Mayor Dudley closed this portion of the meeting at 6:30 p.m.

Consent Agenda

A. Excused Absence Request – Danny Paggao, April 17, 2012 Meeting
B. Noise Permit – Chamber of Commerce, Holland Happening
C. Noise Permit – Oak Harbor Christian School, Eagle Run
D. Noise Permit – National Day of Prayer
E. Noise Permit – Kelly Beedle, Oak Harbor Tavern
F. Agreement – 2011 EMS Services
G. Board Re-Appointment – Community Police Advisory Board, Jo Balda
H. Authorization to Advertise for Bids – Gun Club Road Water Main
I. Selection of Dates for Budget Calendar
J. Approval of Accounts Payable Vouchers (Pay Bills)

MOTION: Councilmember Servatius moved to pull Consent Agenda Items E and F. The motion was seconded by Councilmember Munns and carried unanimously.

MOTION: Councilmember Severns moved to approve Consent Agenda Items A, B, C, D, G, H, I, and J with Item J paying Accounts Payable check numbers 149297 - 149298 and 149306 - 149477 in the amount of $395,323.20, Accounts Payable check numbers 149299 - 149305 in the amount of $542.42, Payroll check number 95402 in the amount of $12.50, and Payroll check numbers 95403 - 95415 in the amount of $521,591.26. The motion was seconded by Councilmember Campbell and carried unanimously.

Item E - Noise Permit, Kelly Beedle, Oak Harbor Tavern
Councilmember Servatius had asked that this be pulled since he wished to abstain from the vote.

MOTION: Councilmember Severns moved to approve Consent Agenda Item E, and the motion was seconded by Councilmember Campbell. Councilmembers Almberg, Campbell, Hizon, Munns, Paggao, and Severns voted in favor of the motion; Councilmember Servatius abstained. The motion carried.

Item F - Agreement, EMS Services
Councilmember Servatius asked about the expiration date on this agreement. City Administrator Powers detailed the history surrounding this 2011 agreement and that discussions between the City and Whidbey General Hospital are underway for a new agreement covering 2012 and thereafter. Mayor Dudley noted that the City has received two checks from Whidbey General and a third check will follow.

MOTION: Councilmember Servatius moved to authorize the Mayor to sign the interlocal agreement with Whidbey General Hospital for emergency medical response services. The motion was seconded by Councilmember Munns and carried unanimously.

Public Hearing – Ordinance and Resolution for Standing Committee Times and Locations
City Administrator Powers presented this agenda bill, ordinance, and resolution to standardize the standing committee locations and times consistent with recent City Council discussion on the topic. At the February 21, 2012 meeting, City Council discussed and approved two motions to conduct all standing committee meetings at City Hall and having all standing committee meetings begin at 3:30 p.m. The goal behind these changes is to encourage public attendance, observance, and participation in the standing committee meetings, and therefore enhance citizen participation opportunities in local government. This agenda bill's ordinance would amend Oak Harbor Municipal Code Section 1.04.015, and the resolution would amend the Council's administrative rules to implement the above mentioned meeting changes.

Mayor Dudley called for public comments.

Public Comments
Shane Hoffmire, Oak Harbor. Thank you.
Paul Brewer, Oak Harbor. I am glad the meetings will be here and we can televise them so the people can see what is going on. This a good thing and I applaud this Council and Mayor for bringing that forward. Open government is key.

There were no other comments.

Council Discussion

Discussion followed about Ordinance Section 1.04.015 (4) stating that: Any Councilmember may attend any standing committee meeting and there shall be no quorum requirement for standing committee meetings. City Administrator Powers noted that this has been addressed in the past and within Council's Administration and Personnel Rules Handbook. If an additional Council Member plans to attend, then the Mayor's Office will be notified at least 72 hours prior to the meeting so a special meeting notice can be posted. Councilmember Campbell, as chair of the Governmental Services Standing Committee, asked Councilmember Hizon and Councilmember Servatius if they (as members of this committee) agree to the 3:30 p.m. meeting time. Ms. Hizon and Mr. Servatius can attend at 3:30 p.m. Council discussion followed about additional language for this section stating the committee should not exceed three members or language to reference Rule No. 28 - Standing Committee Procedures in Council's Handbook. City Attorney Hawkins suggested an amendment to the ordinance to "see Rule No. 28" and no other language in the amendment.

MOTION: **Councilmember Munns moved to amend Ordinance Section 1.04.015 (4) to add: See Rule No. 28 - Standing Committee Procedures, in the Administration and Personnel Council Rules Handbook. The motion was seconded by Councilmember Campbell and carried unanimously.**

MOTION: **Councilmember Munns moved to adopt the draft ordinance amending OHMC 1.04.015. The motion was seconded by Councilmember Severns and carried unanimously.**

At this point in the meeting, discussion moved to the next agenda item, but Council needed to return to the standing committee agenda bill to consider Resolution No.12-08.

Public Hearing – 2012 Comprehensive Plan Amendment Docket

Senior Planner Cac Kamak presented this agenda bill and PowerPoint for the 2012 Comprehensive Plan amendments docket. The docket review process is intended to consider ideas generated by the community, staff, Planning Commission and City Council for consideration as amendments in 2012. The City Council is required by OHMC 18.15.040(8) to conduct a public hearing and finalize the docket before the end of March.

Discretionary amendments that were on the *preliminary* Docket

1. Revisit the Commercial Lands Inventory done in 2006 and proactively look for opportunities to increase the inventory of commercially designated lands, including those available for large scale commercial enterprises. (*Planning Commission*)
2. Review the non-enterprise funded projects listed in the City's Capital Improvement Plan which currently includes projects such as but not limited to Windjammer Park Redevelopment, Municipal Pier, Special Events Center, etc. and determine their current relevance and need. (*Planning Commission*)

3. Review if the current Comprehensive Plan goals and policies adequately identify and protect view corridors within the City. (Planning Commission)
4. Review if the current Comprehensive Plan goals and policies adequately protect the City from the proliferation of signs. (*Planning Commission*)
5. Shoreline Master Program Amendment and Land use change for properties (R13201-160-0920, R13201-072-1040 and R13201-067-1150) located on SE Catalina Drive south of Pioneer Way (map attached). This item would consider various land use designations, potentially even an overlay zone, with the intended goal to permit a variety of uses to promote upland improvements adjacent to the Marina including options for industrial uses such as Nichols Brothers Boat Builders. The current land use designation is Public Facilities. (*Development Services Director*)

The preliminary docket also included the three mandated amendments. These are amendments that the City is required to process.
1. Capital Improvements Plan (CIP)
2. Shoreline Master Program (SMP) Update
3. Comprehensive Plan Update 2015

Mayor Dudley open the public hearing at 7:00 p.m.

Public Comments
Paul Brewer, Oak Harbor. Previous City Councils used to have a task force that met for major revisions. The task force was made up of citizens at large in the community and brought diversity. Revisit use of a task force for future years.

With no other comments coming forth, Mayor Dudley closed the public hearing at 7:05 p.m.

Council Discussion
Discussion followed regarding the map and Shoreline Master Program Amendment with reference to limitations and tidelands owned by the State, the possibility of land use change in the Shoreline Master Program to include industrial use, encouragement of commercial use in this area, and thanks to the Planning Commission for their work. Mr. Powers noted that the City would need to look at an overlay zone so land use does not move from public use to something more specific, and that this was left open for discussion as the amendment process is considered.

MOTION: **Councilmember Almberg moved to approve the resolution adopting the 2012 Comprehensive Plan Amendment Docket. The motion was seconded by Councilmember Hizon and carried unanimously.**

Council returned to the Standing Committee Agenda Bill and consideration of the resolution.

MOTION: **Councilmember Severns moved to approve Resolution 12-08 amending Rule 27 of the City Council Administration and Personnel Council Rules. The motion was seconded by Councilmember Munns and carried unanimously.**

Island County Joint Tourism Contribution

City Administrator Powers presented this agenda bill for discussion of the Island County Joint Tourism Contribution as originally requested by a motion from Councilmember Campbell. The City presently contributes $20,000 annually to the Island County Joint Tourism effort. Any increase in that contribution would increase the funding required to meet the obligation. This agenda bill was brought forward for discussion only without a recommended action.

Mayor Dudley called for public comments.

Jill Johnson Executive Director, Greater Oak Harbor Chamber of Commerce, read a letter in support of an increase, from Jason McFadyen, Chamber Board President. The letter is attached to these minutes as Exhibit A.

There were no other public comments.

Council Discussion

Councilmember Campbell spoke about the north end of the island not being well-represented on the Tourism Board; it is difficult to get people to volunteer. Mr. Campbell, who is the City's Board Representative, would like to take the suggestions made in Mr. McFadyen's letter to the Tourism Board for their comments. Council discussion continued regarding an increase subject to the budget and funding stream source, the history of why the contribution was reduced to the $20,000 set amount in 2009, and the good representation and publicity for Oak Harbor and North Whidbey currently supported by the Tourism Board. Discussion followed about the difference between budgeted funds and 2% lodging tax funds, the effect on other 2%-funded items, and how to measure the return (information from the Tourism Board) on the current $20,000 contribution.

At Mayor Dudley's suggestion, Councilmember Campbell will return this item to Council once this has been reviewed and discussed by the Tourism Board.

Adopt-A-Street Program

Public Works Director Cathy Rosen presented this agenda bill and program which will help beautify the community and reduce pollution along City streets and waterways as well as minimize the human health risk associated with litter. It will involve Oak Harbor citizens in maintaining a clean community that can foster a sense of ownership and pride.

Mayor Dudley called for public comments but there were none.

MOTION: **Councilmember Hizon moved to adopt Resolution 12-02 establishing policies and procedures relating to the Adopt-A-Street Program, the motion was seconded by Councilmember Hizon and carried unanimously.**

CORRECTION FROM 4/3/12 COUNCIL MEETING:

Councilmember Munns seconded the motion and the motion carried unanimously.

Break

Mayor Dudley called for a break at 7:25 p.m. and the meeting reconvened at 7:30 p.m.

Budget Presentation – Impacted Departments reflecting changes resulting from Terminations including Funding Sources

During the March 6, 2012 Council meeting, a motion was made to add this agenda item to this evening's meeting. Finance Director Doug Merriman gave a PowerPoint presentation which showed departmental costs of staffing changes and is attached to these minutes as Exhibit B. Mr. Merriman talked about how costs are handled, funding sources, costs and/or cost savings for the Fire Chief, Police Chief, City Administrator, and City Attorney positions. This agenda bill was presented for discussion and not a recommended action.

Mayor Dudley called for public comments.

Bill Strowbridge, Oak Harbor. How can you run a business or city without reserve accruals and budget planning? Why was this motion a show-stopper? It was a political ploy to embarrass the Mayor. Use better sense at this meeting.

Paul Brewer, Oak Harbor. How redundant to ask Mr. Merriman to bring this forward once again because of a political ploy. Why did you make this a political football; staff time is not cheap. Let's start working together. Support the Mayor - he was elected. Don't do political stunts.

Dean Martin, Oak Harbor. The money saved - actually the "underlings" are doing the "upperlings" jobs. I don't think this is about politics.

Mel Vance, P.O. Box 2882, Oak Harbor. The Mayor acted within his responsibility and prerogative as Mayor. Going forward in the budget process, money is set aside to cover these expenses if there are firings in the future.

There were no other public comments.

Council Discussion

Council discussion followed about direct costs, residual impacts and how to replenish funds within the reserve over the next three to four years to stay in compliance with GASB, the reduction in sales tax revenues and other revenues and the effect on how the reserve is funded.

Discussion continued regarding cash flow and financial policy, protection of cash flow in light of a reduced revenue stream, and that the terminations were not an emergency but the Mayor's choice. Discussion followed about relocation expenses (the same as Federal relocation expenses), and the use of the term "cost avoidance" rather than "cost savings."

Mayor Dudley noted the Interim City Administrator differential which is a savings since Mr. Powers is acting as both the City Administrator and Development Services Director. It was noted that costs would be incurred for the Police Chief whenever Chief Wallace retired.

Discussion continued about the use of a leave bank for employees with significant experience (this has been done in the past), that payouts are cash-out-the-door from a cash flow standpoint, that the change in the fiscal reserve was a depletion of just over 7.31%, and that reserves should remain sacrosanct. Discussion returned to replenishing the fund balance and how Mr. Merriman handles fund balance (reduce the fund balance and increase the expenditure side), that departments are not required to find these funds through operational cuts, and an explanation of how vacation and sick leave (if "grandfathered" to receive this payout) are dispersed. A returning employee starts accrual again and they are not banked back in.

With the conclusion of Council discussion, Mayor Dudley noted that the next agenda item had been tabled pending the above discussion.

Confirmation – Fire Chief
Mayor Dudley stated that it was his honor to recommend Ray Merrill for appointment as the next Oak Harbor Fire Department Chief and called for public comments.

Public Comments
Jim O'Connor. In thirty years of working with state, local and federal agencies, I have met many people and have worked closely with fire and police chiefs. From my heart, you have some of the best trained and most dedicated and professional staff of anywhere in the world To hire Ray Merrill is one of the best things you can do.
Shane Hoffmire, Oak Harbor. So many emotions come to mind when I think of this Council disappointment - heartbreak and sorrow in the way the Fire Department was hurt by political nonsense. (A point of order was called for to have Mr. Hoffmire address the chair.) Enough is enough. Put the interest of your City ahead of your own personal agenda. You broke the Open Public Meetings Act in the first appointment of Joel Servatius and then you made it right. I understand that Council felt the process wasn't perfect just as you recognized that the Council appointment was imperfect and redone. The process was done right; don't let the City become a victim of petty politics.
Paul Brewer, Oak Harbor. I served on Council for twelve years. Past Councilmember Sue Karahalios always noted that you cannot speak amongst yourselves and pass information on; you violate the law. Once you talk to two other Council Members, they cannot speak to others. That was evident in how the last Council meeting was

conducted. Those that did violate (the law) know what they did was wrong. Stop violating the law. The unhappiness from the last meeting should never have been presented to Council. Stop making political hay out of this. I love Oak Harbor and have been here thirty-plus years. I am embarrassed. We had our disagreements when I was on Council but we never attacked an individual. Please right the wrong.

Rich Rogers, OHFD. I have been with OHFD for thirty-seven years and I am here to support Ray Merrill. We will not have a Fire Chief for two months and there is a cost savings there. The administrative assistant position is vacant and there is a savings there, too. The Fire Department also gave up their COLA over the last two years. Our previous Fire Chief never tested, never applied, but was appointed by the then-Mayor without prior experience. Ray can step in immediately and is well-respected by every member of the Oak Harbor Fire Department. No one came down and talked to us, asked how we felt, and what our needs were. If you have a problem with the Mayor, take it up with the Mayor. Don't put us in the middle of this. Let us move forward in a positive and productive manner.

Mel Vance, P.O. Box 2882, Oak Harbor. During the previous Council meeting, not one Council Member questioned Mr. Merrill's qualifications. All of the comments were about the process. There was no reason not to appoint him at the last or this meeting. There were valid issues brought up by Councilmember Hizon about the lack of information in the Council packet. The Mayor followed the procedure as established. It seemed short but has nothing to do with this appointment. Change the process for the future, but don't take it out on Ray Merrill. I would have had much harsher words for City Council members than Mr. Merrill said at the last meeting; he was treated badly. He is qualified and should be appointed.

Farron Rice, Oak Harbor. I have never met Ray Merrill, but I am proud to meet you now. The pride and professionalism and comments coming from the Fire Department express their support. There has never been a question of his qualifications and there was a panel that brought forward two names and the Mayor made a choice. Put aside your political childishness.

Ray Merrill, Oak Harbor. I am extremely humbled by what I see here. My thirty-six years in the Fire Department make me appreciate the Department. At the end of the last meeting, I advised all of you that I would pull my application. I felt I was a pawn in a political machine and was attacked. Was I angry, no. Was I disappointed, absolutely. My goal is to lead this organization; I am proud to lead this Department. I was direct and this is me. If I offended any of you, then I owe you my sincere apology.

Cecil Pierce, Oak Harbor. Council, you owe someone an apology. I have never heard so many citizen complaints.

Bill Strowbridge, Oak Harbor. If the disappointment or political frustration that Mr. Dudley is now Mayor bands you together to gang up on the Mayor or his competency, (remember) he is here to be your Mayor for several years yet.

Kayla Pierce, Oak Harbor. I have known Ray Merrill and past Chief Soptich for a long time and love his family dearly. I understand that people who know them would bring up any issues. I agree that the Council should take time to consider and agree that this should have been done in a private forum. That is not what this is for. I feel that Ray is owed an apology and the Mayor too is owed an apology. Ray is a good man. The Fire Department supports this man. Bringing in anyone else would be mistake.

John Roberts, OHFD. I have been a volunteer for fifteen years. Over the last couple of weeks and listening (to this discussion), you are looking for a leader and Ray Merrill is a leader.

There were no other public comments.

Council Discussion

MOTION: Councilmember Campbell moved to confirm the appointment of Ray Merrill as Oak Harbor Fire Department Chief. The motion was seconded by Councilmember Hizon.

Councilmember Munns called for discussion of this motion and requested a video clip showing Mr. Merrill's final comments during the March 6, 2012 Council meeting. This clip represented Mr. Merrill telling Council that he was pulling his application and could not, in good conscience, work for the City.

Councilmember Munns noted that she had never questioned Mr. Merrill's qualifications as a firefighter and excellent trainer, but felt that he should have walked away because he was angry and should not have said he could not work with us (Council/City). Ms. Munns felt, in her opinion, this might represent Mr. Merrill's temperament. Council Members asked for a point of order to restore order in the room.

Councilmember Almberg's discussion ran to the last Council meeting, the Mayor's apology during that meeting, what had changed in the last two weeks - if the review process was unacceptable then, how is it acceptable now, and that other fire chiefs had felt this appointment had been decided and did not apply or sit on the panel. Mr. Almberg felt that, even though the legal minimum of time and process were met, he was concerned and questioned how conversations between two parties ended up in the Human Resources Department. Councilmember Severns noted he had made the motion to table during the last meeting and expressed concern over that motion. Mr. Severns has spoken with Mayor Dudley, noting his motion did not remove Mr. Merrill from consideration for the position, but he also expressed concern with Mr. Merrill's comments at the March 6, 2012 meeting noting that the process should be changed and Mr. Merrill should come back through the process. Further Council discussion followed with concern about the process and not a question of Mr. Merrill's qualifications, discussion that the Human Resources Department had followed the exact process presented, and that the Mayor has the discretion to hire and make this choice. Councilmember Paggao used this analogy: We are driving and know our destination. We approach a junction and have an idea of where our destination is but our GPS will say, recalculate, yet we still need to move forward toward our destination. Let us move forward with Ray Merrill's confirmation as Fire Chief. Councilmember Hizon commented about the process and why questions were not raised, that Councilmember Munns did voice her concerns during the March 6, 2012 meeting, and Ms. Hizon noted that all she had needed was more information and she had received it.

Even though it is within the Mayor's prerogative to bring a name forward, Council would not rubberstamp everyone that may be brought forward.

Councilmember Campbell felt that Mr. Merrill would be supported by anyone who was asked and that, if the process is flawed, it is our (Council's) fault since we set the process yet we still point fingers; it is our fault, it is our job. Confirm Mr. Merrill and then task staff to have a new process in place by the first of May.

Mayor Dudley also spoke: We've heard from Ray Merrill, during public comments we heard Mr. Vance's frustration, you also saw the video clip requested by Councilmember Munns, and you've seen a gentleman (Mr. Merrill) who is extremely passionate and would love nothing more than to lead the Fire Department. If I would have known that this would have come to this - I never thought this would have been this controversial. Was he promised a position, no, not at all. Did I make it known that we would like to have him; did I tell Human Resources that Ray Merrill would be a good choice. Human Resources did put together a panel; I did not. They went through applications and interviews and put forward two top candidates. Ray Merrill is the best choice. If he had not come forward, then we would have had an issue. He is so qualified to be our Fire Chief. He has a lot of leadership ability. Individuals would bend over backward to serve with him.

Council called for the question and the motion was repeated.

VOTE ON THE MOTION: **Councilmembers Campbell, Hizon, Paggao, and Severns voted in favor of the motion. Councilmembers Almberg, Munns, and Servatius opposed. The motion carried.**

Break
Mayor Dudley called for a break at 8:45 p.m. to allow Council and the audience time to congratulate Mr. Merrill. The meeting reconvened at 8:55 p.m.

Contract – Fire Chief
City Administrator Powers presented this agenda bill noting a revision to the contract effective date from April 1, 2012 to May 1, 2012. The Mayor, with the advisement of Human Resources, recommended the employment contract for Ray Merrill. Mr. Merrill's employment will begin May 1, 2012 and would continue indefinitely unless Mr. Merrill's employment is terminated by either party. The contract specifies conditions of employment and sets working conditions for the Oak Harbor Fire Department Chief including but not limited to:

- **Salary**: Starting base salary $101,292 annually, with a provision for annual cost of living adjustments.
- **City Provided Vehicle**: Due to the nature of the work done by the Fire Chief the City will provide a vehicle for his use.

- **Vacation**: Mr. Merrill will begin with a bank of 80 hours of vacation. Mr. Merrill with also be given service credit for previous years worked and will accrue vacation at a rate equal to his accrual rate at the time of his separation from employment with the City in the amount of 199.2 hours per year.
- **Sick**: Mr. Merrill will begin with a bank of 40 hours of sick leave and accrue an additional 8 hours a month.
- **Clothing Allowance:** Annual clothing allowance in an amount equal to the Oak Harbor Firefighters allowance.
- **Severance Package**: Severance pay for at-will termination in the amount of 6 months' salary. No severance pay for termination by resignation or for cause.
- **Other Benefits**: Same as provided for general City employees, including but not limited to, retirement and medical and dental insurance.

Mayor Dudley called for public comments.

Paul Brewer, Oak Harbor. Every penny is well worth it and is right in line. He will bring the leadership that we need. Move forward and fund this position.

There were no other public comments.

Council Discussion
Discussion followed about the vacation hours banked, service credit for previous years of service, and that this contract language indicates that Mr. Merrill will earn vacation hours at the same rate that he earned when he left the City. Discussion continued, with concern, about the salary step level being offered in the contract (second to top step), that a top step would only increase with COLA, that this was a negotiation between the Mayor and Mr. Merrill, and that experienced personnel may start at intermediate or higher steps. The City may offer individuals, in order to attract good personnel, salaries closer to the top range. Those are decisions the City can make and has made in the past. Discussion continued about incentives for longevity, a lower salary step, and staff's recommendation. Human Resources Director Neill Hoyson noted that it was recommended that Mr. Merrill receive a salary no lower than when he left City employment and with that information and at least a 9% minimum, the Mayor made a choice within that range which becomes approximately a 15% pay increase from his previous salary. Discussion followed about standardizing severance allowances for everyone who has contract, at-will employment, and how retirement is covered.

MOTION: **Councilmember Campbell moved to approve the Fire Chief employment contract with Ray Merrill and authorize the Mayor to sign the contract. The motion was seconded by Councilmember Paggao.**

Discussion continued about the lack of incentive, if the contract would have to be renegotiated if the salary were changed (yes), and command pay. Finance Director Merriman noted that, with base pay and command pay, there was a difference of a few

hundred dollars between what Mr. Merrill had made and what Chief Soptich made. The intent was not to hire Mr. Merrill as the Fire Chief and have him earn less than when he was employed as the Battalion Chief. That is what would happen if his salary step was lowered. Discussion continued about command pay and how it applies to others in the Fire Department.

Mr. Merrill spoke to this question: For years, Chief Soptich and I were the command with $7.25 per hour above and beyond our normal full-time salary, twenty-four hours a day for seven days in a row. We changed this by redoing command pay and reducing the costs. I got my base salary plus command pay which was about $9,100 per month and then down to $8,200 or $8,300 per month when we reduced it and it has been reduced again.

Mayor Dudley noted that Mr. Merrill's salary was not put at the top and he would not be compensated less than when he left City employment. As the Fire Chief now, he is being compensated less than our previous Fire Chief. As we move forward, we want standardization and we are trying to make it fair.

Council discussion returned to the 15% increase over Mr. Merrill's previous City salary with reply from Ms. Neill Hoyson that, normally employees receive a step increase in six months, but Mr. Merrill will receive a step increase after a year because of his starting salary. If an employee is topped out in their salary range, only COLA or a compensation study would change the salary.

VOTE ON THE MOTION: **Councilmembers Almberg, Campbell, Hizon, Munns, Paggao, and Severns voted in favor of the motion. Councilmember Servatius opposed. The motion carried.**

CORRECTION FROM THE 4/3/12 COUNCIL MEETING:
Councilmembers Almberg, Campbell, Hizon, and Paggao, voted in favor of the motion. Councilmembers Munns and Severns did not vote. Councilmember Servatius opposed. The motion carried.

Contract Modification – Navy Wastewater Treatment
Finance Director Merriman led this agenda bill and PowerPoint presentation for a contract modification effective January 1, 2011 through December 31, 2012 regarding the waste water treatment rate for the Naval Air Station Whidbey Island (NASWI), per Contract N44255-85-C-6905 01-Octo-1987, from $3.04 per thousand gallons to $1.69 per thousand gallons. The contract modification includes a refund to NASWI in the amount of $149,842.10 to credit NASWI for the lower rate in the time period of January 2011 through August 2011. Mr. Merriman noted that the City will be negotiating again with the Navy this fall.

There were no public comments.

Council Discussion
Discussion followed about which budget and fund would support the refund (would be debited back to a revenue line item from Navy payment contracts, possibly a sub-category; back to the sewer fund and an adjustment back to our revenue for that). Mr. Merriman noted that the City will be paying the Navy and under BARS standards, when you credit back you charge that back against the revenue code it came under. Mr. Merriman noted that this reduction would not have much of an effect on the rate study for the waste water treatment plant; cost neutral.

MOTION: **Councilmember Munns moved to approve the modification to Contract N44255-85-C-6905 Contract Provision II.2 setting the treatment rate at $1.69 per thousand gallons effective January 1, 2011 through December 31, 2012 and authorize the Mayor to sign. The motion was seconded by Councilmember Campbell and carried unanimously.**

Future City Council Pending Items
As noted.

City Administrator's Comments
No comments.

Council Members' Comments
Council Members gave their standing committee and board reports. Councilmember Paggao talked about the St. Patrick's Day parade and celebration and thanked those who had also attended. Councilmember Campbell talked about the successful Washington D.C. trip and hoped that someday the entire Council could attend the National League of Cities Conference.

MOTION: **Councilmember Almberg moved to direct the Mayor and staff to bring forward, for City Council approval, a written review and selection process for the positions of Police Chief and City Administrator by or before April 17, 2012. The motion was seconded by Councilmember Severns.**

City Administrator Powers spoke to this motion: In order to have someone in place when Police Chief Wallace retires, we need to begin that process very soon. We have prepared more of a standardized process and will run up against deadlines in June if we try to come back to Council. It is best to inform, with all due respect, you of the process rather than have Council change or deviate from the process.

Councilmember Almberg said he wanted a chance to review the process so we don't repeat what just happened and felt he deserved to look at the process. Mr. Powers responded that he could get the process and a cover memorandum out the following day (to Council) and that Mr. Almberg could then coordinate with the Mayor's office or

Mr. Powers. Mr. Powers felt confident that what Mr. Almberg would be provided would meet with his approval. Mr. Almberg asked that this information also include a job description(s) and job history.

MOTION WAS WITHDRAWN:

Councilmember Almberg withdrew his motion and Councilmember Severns withdrew his second.

Councilmember Munns asked for the opportunity to have a discussion on what Mr. Powers will provide; a chance to meet and exchange ideas - a special meeting if a quorum is in attendance. Mr. Powers, with the Mayor's guidance, wants to also rely on Human Resources Director Jessica Neill Hoyson. Mayor Dudley asked if that could be done as part of the next Council meeting, Mr. Powers wants to have the information out for review first, and Councilmember Hizon preferred a closer date and not the next Council meeting. Councilmember Campbell and Councilmember Servatius asked that this information be sent to them electronically and not in hard copy. Councilmember Munns talked about AWC and the possible permanent reduction in revenue shares from the state; notably, the Public Works Trust Fund and liquor tax. Ms. Munns urged Council to review a letter she had given each member and to contact Olympia. Ms. Munns also thanked the City and community for her City representation in Washington D.C. and at the Pentagon. Councilmember Munns noted that Oak Harbor was praised for personally coming to D.C. and it makes a difference in the relationship between NASWI and the City. Ms. Munns also talked about the ceramic bowl and soup project being provided by OHHS and the culinary department with proceeds benefiting Help House. Councilmember Severns also thanked the City for the Washington D.C. opportunity and appreciated the experience. Councilmember Hizon noted the next Youth Services Advisory Board meeting tomorrow at the United Way Office, 5:15 p.m., and the upcoming community conversation about youth services on March, 29, 2012. Ms. Hizon, who volunteers with the OHHS show choir, thanked everyone for the recent zombie filming on Pioneer Way to Michael Jackson's Thriller, and also expressed deep thanks for the Washington D.C. trip and that learning experience. Councilmember Servatius talked about going paperless and the amount of paper needed to create hard copy Council packets.

Mayor's Comments

Mayor Dudley also talked about the Washington D.C. trip: It was eye-opening and educational. Oak Harbor does not have the financial or infrastructure problems of other cities. Mayor Dudley talked about the visit to Capitol Hill and time spent with Senator Murray and Senator Cantwell along with the "family reunion" with Councilmember Munns at the Pentagon; everyone knows Oak Harbor. The Navy would love to clone the City of Oak Harbor everywhere they have an active base. It was a very good trip. Mayor Dudley also thanked the City Council for the decision they made this evening regarding the Fire Chief position - not just on behalf of himself but on behalf of the citizens of Oak Harbor who are well-served with Ray Merrill as the Chief of our Fire Department.

ADJOURN
With no other business coming before the City Council, the meeting was adjourned at 10:00 p.m.

_____
Connie T. Wheeler
City Clerk

Exhibit A

Greater Oak Harbor Chamber of Commerce
32630 State Route 20 / Oak Harbor, WA 98277
(360) 675-3755 Fax: (360) 679-1624
info@oakharborchamber.com / www.oakharborchamber.com

Oak Harbor
CHAMBER OF COMMERCE
WHIDBEY ISLAND, WASHINGTON

March 20, 2012

Mayor Scott Dudley
Mayor Pro-Tem Danny Paggao
Councilman Rick Almberg
Councilman James Campbell
Councilwoman Beth Munns
Councilwoman Tara Hizon
Councilman Bob Severns
Councilman Joel Servatius
City of Oak Harbor
865 SE Barrington Drive
Oak Harbor, WA 98277

Dear Mayor and Council,

As President of the Greater Oak Harbor Chamber of Commerce, I appreciate your desire to explore contributing more funds to the Island County Tourism Committee and increase Oak Harbor's commitment from $20,000 annually to a full 1% contribution of 2% funds collected from the voluntary lodging tax.

During the approval of the updated inter-local agreement, the Chamber expressed concerns about the regional composition of members on the tourism committee. As the inter-local agreement is written, it is very difficult for North Whidbey to have equal representation at the committee level. In the past, this has presented itself as a problem with the by-product being very little messaging or advertising being targeted at the type of tourist that would enjoy vacationing in Oak Harbor. Despite repeated attempts by multiple Oak Harbor appointed representatives on that committee, the marketing strategy did not change and Oak Harbor found itself being a very large contributor, and left receiving very little of the benefit. Based on that, the City of Oak Harbor chose to reduce its funding to the current $20,000 level.

Since that time, Island County Tourism has hired a new director and has retooled its focus. The Committee is much more successful and is worthy of further investment.

However, based on passed experiences the Chamber recommends that the approval of additional funding be made in one of the following ways or combination of ways:

1. That any additional funding awarded to Island County Tourism be project specific (for the use of North Whidbey website content creation, production of the birding brochure, etc.) and/or:
2. That it be time frame specific. That the increase in funding be awarded for a period of two (2) years and reviewed by the council before being renewed to ensure that Oak Harbor's tourism objectives are being met.

This approach protects Oak Harbor's investment and incentivizes the committee to keep a focus on North Whidbey tourism, which they are currently doing well.

It is also important to remember that hotel-motel tax dollars are not dollars to be "banked." This money is-at its very core-economic development money, which in this case is voluntarily paid by the lodging community for the purpose of attracting over-night stays. If the Council has plans for this money or it is currently being used in a way it that the Council deems more effective for the community then we appreciate that position. If, however, there are no immediate uses for the funds, we encourage the Council to look at raising the contribution level to the one (1%) requested, but again with either a project specific scope or on a limited –time frame in order to best protect the investment of the Oak Harbor Lodging Community.

Thank you for allowing us to share our experiences with you.

Respectfully,

Jason McFadyen, Board President.
Greater Oak Harbor Chamber of Commerce

Exhibit B

City of Oak Harbor

Departmental Costs of Staffing Changes

City of Oak Harbor
Departmental Costs of Staffing Changes

Motion made:

"To table the motion until the Mayor can bring forward a budget presentation of the impacted departments that reflects all changes resulting from terminations, including funding sources."

City of Oak Harbor
Departmental Costs of Staffing Changes

How costs are handled:

1) Vacation and sick leave payouts from special reserve.
2) Severance and employer taxes paid from GF Reserve
3) Some recruitment and interim costs paid from existing budget
4) Reserve monies are transferred to department to cover additional costs. Departments are not required to cut existing budgets to cover costs of changes.

City Administrator
Departmental Costs of Staffing Changes

Total Costs of Change:

Recruitment	$16,498.92
Severance plus taxes	106,192.23
Vacation Payout	15,469.35
Interim Costs	2,781.73
Total Costs	$140,942.24

Total from existing budget:	$7,393.23
Total funded via transfer-in from reserves:	133,549.01
	$140,942.24

City Administrator
Departmental Costs of Staffing Changes

Cost Differential - Monthly

Former Administrator Salary	$11,553
Interim Administrator Salary	($9,501)
Cost Differential:	$2,052

Police Chief
Departmental Costs of Staffing Changes

Total Costs of Change:

Recruitment	$15,759.92
Severance plus taxes	0.00
Vacation Payout	110,938.03
Interim Costs	0.00
Total Costs	$126,697.95

Total from existing budget:	$3,942.50
Total funded via transfer-in from reserves:	122,755.45
	$126,697.95

Fire Chief
Departmental Costs of Staffing Changes

Total Costs of Change:

Recruitment	$13,747.92
Severance plus taxes	29,443.97
Vacation Payout	74,920.73
Interim Costs	0
Total Costs	$122,761.54

Total from existing budget:	$6,578.60
Total funded via transfer-in from reserves:	116,182.94
	$122,761.54

Fire Chief
Departmental Costs of Staffing Changes

Battalion Chief-Unfilled Position

Est. Base Salary and Benefits	$75,292.82
Est. Duty Pay	13,146.66
Cost Savings:	$88,439.50

City Attorney
Departmental Costs of Staffing Changes

Total Costs of Change:

Recruitment	$00.00
Severance plus taxes	63,590.26
Vacation Payout	8,957.67
Interim Costs	19,077.08
Total Costs	$91,625.00

Total from existing budget:	$00.00
Total funded via transfer-in from reserves:	91,625.00
	$91,625.00

All Positions
Departmental Costs of Staffing Changes

Total Costs of Change - Funding:

Existing Budget	$17,914.33
Acc Leave Reserve	189,170.61
General Fund Reserve	274,941.78
Total Costs	$482,026.73

Savings from Battalion Chief Position	$88,439.50
Salary Differential – City Administrator: 3 mos.	6,156.00
	$94,595.50

City of Oak Harbor

Departmental Costs of Staffing Changes

Discussion