

SCA Board of Directors MINUTES

May 21, 2014 10:00 AM
Renton City Hall, Conferencing Center
1055 S. Grady Way, Renton 98057

1. Call to Order

John Marchione, SCA President, welcomed attendees and called the meeting to order at 10:02 a.m.
Members present: Bill Allison, Nancy Backus, David Baker, Chris Eggen, Don Gerend, Dennis Higgins, Dave Hill, Matt Larson, Denis Law, John Marchione, Derek Matheson, Bernie Talmas
Members absent: Jim Haggerton
Staff present: Deanna Dawson, Kristy Burwell
Guests present: Mary Jane Goss, Mayor of Lake Forest Park; Craig Kenworthy, Executive Director of Puget Sound Clean Air Agency

2. Public Comment

President Marchione asked if any member of the public had any public comment.

Craig Kenworthy, Puget Sound Clean Air Agency (PSCAA) Executive Director, testified that the PSCAA Board of Directors is seeking feedback on the per capita rate increase. The PSCAA sent a letter on May 19 addressing some of SCA's concerns. Kenworthy noted that he is present to answer questions and convey the message of SCA back to the PSCAA Board.

President Marchione opened the floor for questions.

Bernie Talmas reported that there was a contentious discussion at the May 14 PIC meeting and there were two broad positions: 1) the PSCAA is doing a great job, the increased dollar amount isn't that large, and did not see an issue; and 2) the rate increase is too large, especially to be absorbed in 1 or 2 years, and there was not enough information and outreach from the PSCAA. Talmas reported that the PIC did recommend a policy position and suggested that a letter be sent acknowledging the minority view.

President Marchione commented that more dialogue was necessary to understand the goals of the PSCAA and the justification of such a large rate increase.

Talmas mentioned that there was a similar issue with the King Conservation District (KCD) in previous years and the KCD has worked hard to produce documents that are clear and helpful to understand the organization and its goals.

President Marchione commented on the lack of transparency with transit issues through King County Metro.

Kenworthy stated that there was intent to have dialogue earlier in the process and now the PSCAA knows the SCA process, and will continue to work to have better dialogue in the future.

Don Gerend stated that Sammamish was surprised by the increase and would like to know more about the PSCAA. He asked that PSCAA provide information that outlines the charge of the PSCAA, its authority, the legislation authorizing the organization, board selection process, and an outline for what the rate increase will fund.

Chris Eggen stated that Shoreline staff reached out to PSCAA and Kenworthy met with them, but the council still needed specifics for discussion. Eggen inquired if the PSCAA is involved with the clean fuel standards.

Kenworthy replied that PSCAA is involved with the clean fuel standards and that it is working to implement the system and prove the benefits including cost savings to the cities and fleets.

Matt Larson commented that on a positive note, there is now interest from all of the cities to know more about what the PSCAA is doing.

President Marchione suggested that PSCAA take the opportunity before the end of the year to reach out to each city.

David Baker shared concerns that there is very little understanding about the PSCAA. While the PSCAA does a lot for the region, it is difficult to convey the work to citizens. Baker would appreciate a better interface between the PSCAA and cities on what the agency is doing and how it affects cities.

Kenworthy thanked members and will convey the message to the PSCAA Board of Directors.

President Marchione acknowledged Mary Jane Goss, Lake Forest Park, and asked if she had any public comment. Goss replied that she was present to observe, and declines the opportunity to testify.

3. Consent Agenda

David Baker moved, seconded by Bill Allison, to approve the Consent Agenda. There was no discussion. The motion passed unanimously.

4. President's Report

President Marchione reported that the SCA Executive Committee met on May 14, 2014 and drafted seven principles on transit and asked the SCA Public Issues Committee (PIC) to review and consider

the proposed principles. Marchione thanked the members for their hard work to arrive at these principles. The SCA Executive Committee also met separately with King County Council Chair Larry Phillips and King County Executive Dow Constantine to discuss transportation and transit issues in the county and the concern that the system could become balkanized. The meeting with Chair Phillips was focused on transportation and the fact that Seattle receives over 60% of Metro service, but pays far less than that percentage of the revenue. Marchione reported that he also had a positive meeting with Seattle Mayor Ed Murray, who was receptive to comments from SCA about the need to keep the system regional.

Chris Eggen commented that there is talk about a sales tax measure that may be presented to voters to fund transit but not roads. Eggen continued that the Regional Transit Committee (RTC) has asked Metro to define minimal service as it relates to Metro service in small cities, and that the RTC is advocating for small city interests and better connectivity than just two routes per day.

Deanna Dawson, SCA Executive Director, reported that there may be an option to make the first round of Metro cuts, but then wait on the subsequent phases of cuts. She continued that it is likely the King County Council will act on this prior to the next PIC meeting.

Don Gerend expressed support and highlighted that there would be an opportunity to discuss further with legislators.

Nancy Backus commented that Auburn would be supportive of having additional conversations on this issue. Backus noted that while it is good that there is more revenue than anticipated, the perspective may not be favorable for Metro.

Bernie Talmas agreed and would like a regional solution; no balkanization. Talmas continued that proceeding with the first round of cuts may be a temporary solution on transit. Cities also need to stress to the county that funding for roads is essential.

Dave Hill shared concerns about consistency of the information that Metro has provided. Hill continued that within one week's time, he is received two maps that offer different information on the route that directly affects his community. Hill noted that Metro needs to develop standardization. Backus added that it would be helpful if the map revisions showed changes.

Matt Larson stressed the danger of balkanization; it is untenable. Larson stated that he is appreciative of the opportunity for cities to be heard on this issue.

David Baker noted that many communities would be hit hard even if only the first round of cuts were made.

John Marchione noted that where communities had good bus service, Proposition 1 passed. In areas with poor service levels, it failed. Matt Larson added that it passed in areas where the transit service was subsidized by other subregions.

Denis Law commented that members are on the same page that they are not being provided the level of service consistent with the amount of funding. Law stated that if there is a way to reduce cuts that it should be done.

5. PIC Chair's Report Concerning Puget Sound Clean Air Agency's Rate Increase Proposal

In order to accommodate Mr. Kenworthy from the PSCAA, President Marchione suggested taking the item on the PSCAA rate increase out of order. Members agreed.

PIC Chair Talmas reported that the PIC discussed this topic at length with split viewpoints, and the recommended policy position was passed by a two-thirds vote.

Bernie Talmas moved, seconded by Matt Larson, that the Sound Cities Association (SCA) opposes the Puget Sound Clean Air Agency's (PSCAA) proposal to increase rates by \$.25 per capita. This proposed increase of 44% or more is too dramatic an increase to be borne by cities in a year, or a biennium. SCA recommends that PSCAA develop specific action items, with associated costs, for each strategy in the plan, and prioritize the strategies, so that cities can understand how the additional revenue would be used and how the work could be implemented incrementally.

The floor was opened for discussion. Nancy Backus stated that Auburn was in favor of the failed amendment that allowed language of a phased in approach. The PSCAA does crucial work, but coordination was needed earlier.

Don Gerend commented that he was supportive of the motion, and noted that Kenworthy could take the various comments back to the PSCAA Board.

Denis Law agreed with Gerend. Law stated that he is supportive of the work of the PSCAA but not a 44% increase at one time.

Chair Talmas added that cities are supportive of the work of the PSCAA, but cannot justify that large of an increase in a short time. Members were interested in more communication and documentation of the work justifying the increase.

Deanna Dawson commented that due to the long meeting, staff did not capture the exact vote on the failed amendment, but it was a very large gap and members pressed forward with discussion. There was a repeated request for more information on the additional work.

Law stated that he supports the recommendation as written, and does not read into it that we are against any rate increase. Rather, it notes that cities found the proposed rate of increase too much to bear in one year or a biennium.

Dennis Higgins reported that the Kent City Council invited Kenworthy for a meeting. There was a concern of the size of the increase as well as the principle of no communication. Higgins stated that the SCA is under represented on the PSCAA due to the current statute and he is very supportive of SCA having a seat on the advisory council and/or board to achieve better communication in the future.

Dawson commented that the PIC voted unanimously to bring back the potential policy position asking for appointment authority on the PSCAA advisory council. She continued that if members were interested, SCA could work with AWC to also possibly seek legislative changes to allow suburban cities to have representation on the board.

There was no further discussion. The motion passed unanimously.

Craig Kenworthy, Puget Sound Clean Air Agency (PSCAA) Executive Director, commented that he will pass the information along to the PSCAA Board.

Derek Matheson commented that the Covington Community Development director was on the PSCAA Advisory Council for several years until 2011, and represented the suburban cities in the region.

Members thanked Kenworthy for providing feedback to the PSCAA Board.

Dawson sought clarification on the letter that members would like drafted.

Members asked that the letter include: the minority viewpoint, supportive of their work, appreciative of more information, and not supportive of large rate increase at one time.

6. **Executive Director's Report**

Deanna Dawson, SCA Executive Director, reported on the work of the Health and Human Services Transformation Plan. The Seattle Foundation has given a large amount of money for pilot projects that will try to improve health in communities with higher needs. Dawson reported that there is a new planning grant to do work through the Living Cities Initiative that could be very beneficial for cities in our region.

Dawson reported on the Youth Action Plan Task Force and asked for feedback on the survey that she circulated by email. Bernie Talmas stated that he would like the group of youth to be identified, as there are different views. Dennis Higgins commented that there should be coordination between government and the school district, so that there is not duplication since schools are already providing some services. Dave Hill stated that it would be best for the county government to supplement the services being provided by not only school districts, but also other organizations that provide after school tutoring, weekend meals, and other charitable services. Chris Eggen stated that all efforts should be focused on supporting schools; there are children who drop out of school, or homeless and do not attend school, or others who bounce between schools and do not have stability. Eggen continued that while schools are a strong basis, there are other groups of youth that need assistance. Bill Allison commented that King County could coordinate with cities, since cities know more about what organizations are working in the jurisdiction. Allison continued that by finding out what the organizations are doing in a given city, other challenges could be identified. Eggen highlighted that every city has organizations doing great outreach efforts, but there may be a unique gap in a particular city that could benefit from action in a different way. Eggen concurred with Allison on the idea of working with cities to identify a problem that was not previously realized.

ED Dawson concluded by reporting that she has been involved in the process to find a replacement for the executive director at the Economic Development Council of Seattle and King County (EDC) and that Suzanne Dale Estey was selected for the position.

7. Finance Committee Report

Treasurer Don Gerend, Finance Committee Chair, reported that the committee met on May 13, 2014. The committee discussed the fact that interest bearing bank accounts are not yielding much interest income. Chair Gerend noted that the committee discussed the option of an audit versus a financial review, and recommended that SCA conduct a full audit in 2015. The committee suggested using a new audit firm and asked staff to look into multiple possibilities.

Chair Gerend reported that during budgetary discussions, the committee continues to weigh the option of funding another full-time staff member. The committee discussed possibilities to fund such a position.

Deanna Dawson, SCA Executive Director, reported that through research, staff discovered that membership dues rate actually decreased in 2010 due to a typographical error. While the membership voted to continue the 2010 rates at the 2009 level (\$.5989 per capita), cities were actually invoiced at a lower rate, \$.5598 per capita. The SCA membership has been charged the same lower rate since 2010. Dawson provided some handouts during this discussion to aid in the understanding of the issue. The Finance Committee would like to explore the option of an increase in member dues at either the 2009 level or a 5% increase on current dues, and would like to start providing cities with information before they build their budgets. The Finance Committee also suggested tying future rate increases to the Consumer Price Index (CPI) with ceiling and floor limits.

Matt Larson stated that raising dues by either option would be acceptable. He complimented the work of the committee and would like to see an additional staff member added. Larson continued that he is a strong proponent of incremental increases with a reasonable cap around 3%.

Nancy Backus was supportive of increasing the rate to the 2009 level and announcing to members that during the lean times, cities received a discounted rate. Backus was also supportive of future rate increases.

Dawson sought feedback on how the Board would like this issue communicated to membership.

Chris Eggen stated that Shoreline has been an advocate of reducing rates and was supportive of advertising the possible rate for 2015 and open communication of potential future increases tied to specific percentage. Eggen highlighted the possibility that members may not be supportive of any sort of "automatic" increase tied to CPI.

Derek Matheson asked whether the Board could approve an increase, or whether the membership as a whole would approve. Dawson clarified that any increase in dues would have to be approved by the membership as a whole at the annual meeting. Matheson added that we should be as direct and transparent as possible. He also urged giving information to cities about the value that SCA could provide with extra revenue.

Bill Allison stated that he was supportive of the 2009 rate and to send a letter to each member to communicate the issue. Allison continued that a follow up call may be helpful, that over-communication was better than under-communication.

David Baker commented that it was the intent to keep the rate at the 2009 level, given the economy.

President Marchione posed the question of whether reverting back to the 2009 rate made sense. He noted that cities had been paying the lower rate for several years and any new rate would be compared to the current rate.

Mayor Baker said that cities should see what they had saved over the past few years by paying the lower rate. He noted that he would be willing to argue for a higher increase- it is a relatively small dollar figure.

Dave Hill questioned whether this typographical error should have been caught during an audit.

Larson noted that if SCA could meet staffing needs with only a 5% increase, that amount should be considered. We should look at what we need to move forward. He was supportive of limiting future increases after 2015 to CPI, with a ceiling and floor to avoid large variances.

Talmas was supportive of proceeding with the 2009 rate, noting that the actual dollar amount was minimal. He commented that he also supported tying any future increases after 2015 to CPI, with a ceiling and floor to avoid large variances.

Eggen agreed that if we can bring on additional staffing with only a 5% increase, that number should be considered.

President Marchione asked members to give thumbs up or down if a financial policy should be created to project a cost of living adjustment on the membership dues rate. Members were supportive.

Dawson agreed that dues should be raised by no more than necessary to meet organization's budgetary needs. She noted that the proposals presented would leave little margin for error, or cushion.

Treasurer Gerend agreed that the budget is tight, but recognized that the organization has a healthy level of unallocated reserves that can be taken into consideration.

Matheson cautioned against budgeting unrealistically. He also noted that at this point in the process, it may be wise to at least raise the possibility of the higher increase. If members object, the dues proposal could be reduced.

President Marchione polled the board, the majority of whom favored looking at returning to 2009 dues rates for 2015.

The Board asked that Dawson send a letter to all cities notifying them that the Board was considering this proposal, and noting the history.

Eggen stated that it is important that cities have this information for budgeting purposes and the membership should be kept involved.

Baker stated that this would likely be brought up in city budget discussions, and that councils often do not get involved in these small amounts.

President Marchione commented that this issue should be brought to the attention of mayors and city managers/administrators.

Larson asked for information on what the rate would be if it had been tied to the Consumer Price Index (CPI) since 2009.

Law noted that it was wise for the organization to keep dues at a low level during lean times. Raising dues may have caused some cities to consider dropping membership. We need to tell the story to member cities of the value of additional staff. Marchione agreed, and did not want to “put the cart before the horse.”

Gerend noted that in the Finance Committee, they had been focusing on moving forward with revenue options as committee members agreed that the need for additional staffing had been resolved at the retreat. Marchione sought clarification on whether members agreed at the retreat to proceed with finding resources to hire additional staff. A majority of the Board agreed that they though this had been decided, but other members felt that a final decision had not been made on this point.

The Board agreed to continue this discussion next month. The Board directed Dawson to send a letter to mayors and city managers about Board discussions, and the possibility of a dues increase in order to be transparent and to aid cities in early budget planning. Dawson also agreed to provide the Board with additional detail on staffing needs to ensure that the Board was comfortable moving forward.

During the discussion, Mayor Goss asked if she could be recognized to participate in the discussion. President Marchione noted that non-Board members could provide testimony during audience comment, but that deliberations during the meeting were limited to Board members.

8. PIC Chair’s Report

Bernie Talmas, PIC Chair, reported that at the May 14, 2014 PIC meeting, the PIC recommended appointments for the Board to consider.

Bernie Talmas moved, seconded by Dennis Higgins, to appoint Kent Councilmember Debbie Ranniger as a member to the Domestic Violence Initiative (DVI) Regional Task Force.

There was no discussion. The motion passed unanimously.

Bernie Talmas moved, seconded by Dave Hill, to appoint Algona Councilmember Dawn Dofelmire and Auburn Councilmember Yolanda Trout as alternates to the Domestic Violence Initiative (DVI) Regional Task Force.

Discussion included clarification on if an SCA policy exists for submission of nominations. The motion passed unanimously.

Bernie Talmas moved, seconded by Dave Hill, to appoint Tukwila Councilmember Verna Seal to the Safety of Newborn Children Task Force.

There was no discussion. The motion passed unanimously.

Chair Talmas concluded by reporting that the PIC discussed the seven transportation principles as proposed by the SCA Executive Committee. Members were asked to take the information back to their councils for feedback and discussion at the June 11 PIC meeting.

9. Membership Update

President Marchione reported that the City of Bellevue requests that SCA send a letter outlining the benefits of city membership with SCA for council discussion. Members agreed that a letter should be sent. Dawson and Marchione will draft such a letter.

10. City Manager's Report

Derek Matheson reported that the City Managers and Administrators met on May 7, 2014. There was a legislative item presented by AWC on an eleven prong strategy to better position organizations and cities to work constructively with the legislature and the governor. Matheson reported that the next agenda item was an update from the Department of Ecology on fish consumption rules as it pertains to water quality and effects sewage treatment plants and swimming permits. A presentation was given by the Master Builders Association including an update on the restructured organization and an overview of how the association plans to engage with cities in the future. Matheson continued that King County gave an overview on climate change goals. Matheson reported that the final agenda item was regarding animal services and that a number of the cities contract with King County for this service. He continued that the license fees are not covering the cost to maintain the service due to the number of unlicensed pets. Matheson said that the system as a whole is heavily subsidized and that the Board of Health will be looking at a requirement for all rabies vaccinations to be reported to the county.

11. For the good of the order

Members discussed whether non-Board members should be able to participate in discussions during the Board meeting. They agreed that non-members should be given opportunity to comment during public comment, but that discussions during other agenda items should be limited to the Board.

12. Adjourn

The meeting was adjourned at 11:55 a.m.