

**CITY OF LAKE STEVENS
CITY COUNCIL WORKSHOP MEETING MINUTES**

Tuesday, March 6, 2018
Lake Stevens Community Center
1808 Main Street, Lake Stevens

CALL TO ORDER: 6:03 p.m. by Mayor John Spencer

ELECTED OFFICIALS PRESENT: Kim Daughtry, Gary Petershagen, Kurt Hilt (7:24 p.m.),
Todd Welch, Rauchel McDaniel, Brett Gailey (6:42 p.m.)
and Marcus Tageant

ELECTED OFFICIALS ABSENT: None.

STAFF MEMBERS PRESENT: City Administrator Gene Brazel, Finance Director Barb
Stevens, Community Development Director Russ Wright,
Public Works Director Eric Durpos, Human Resources
Director Teri Smith, City Clerk Kathy Pugh and Segt Rob
Miner

OTHERS:

Procurement Policies: Finance Director Stevens distributed information, including a spreadsheet with proposed thresholds for bidding and purchasing. This would apply to projects and purchases that are already approved in the budget. She said that the threshold for purchases is proposed at \$100,000 without Council approval. Department Directors would have up to \$50,000 approval authority and the City Administrator and Mayor could approve purchases between \$50,000 and \$100,000. Professional services and contracts could be signed by the Mayor or City Administrator up to \$100,000. Over \$100,000 would require Council approval.

Discussion ensued and Director Durpos suggested removing the requirement for formal bidding for equipment and projects, and instead get estimates, with a threshold of \$200,000 before requiring Council approval. City Administrator Brazel could go either way on this, and Councilmember Welch said if the item is already budgeted this would provide flexibility.

Director Stevens noted that sealed bids provide better competition, but the question is where to set the threshold for quotes versus getting bids. Right now, any purchases between \$15,000 and \$100,000 only requires three quotes. Direct purchase is a minimal threshold, quotes are informal and bids are a formal threshold. Piggybacking allows bypassing the bidding process so long as the partner agency followed a documented bid process consistent with ours.

Director Brazel commented on further reflection his comfort level threshold is \$150,000.

Mayor Spencer commented if there are specifications, bidding is important. He supports a \$150,000 threshold.

There was consensus that \$150,000 is an appropriate threshold.

Turning to approval levels, Director Stevens explained the difference between bidding levels and approval levels. \$100,000 for approval is set for the Mayor and City Administrator. Discussion ensued and there was consensus that if something is already budgeted, that budgeted amount will be the threshold. Director Stevens commented she is concerned that if this also applies to professional services, that there may be an instance where staff selects a consultant and later learns that Council has had a bad experience with the selected consultant several years previous that staff is not aware of.

Discussion turned to notification of expenditures, this could be done in the via department report in the packet.

Administrator Brazel is comfortable with this process, but he will rely on the department directors to include expenditures in their reports.

Director Stevens confirmed that the purchasing of budgeted equipment not related to any public works the Mayor and City Administrator will approve, and Council approval will be waived.

Councilmember Tageant noted this can be changed if it does not work.

Councilmember Hilt arrived at 7:24 p.m.

Turning to unbudgeted items, Director Stevens provided examples of purchases, and asked when Council wants unbudgeted items brought back to Council. Currently it is written that any kind of change in requested and approved equipment will be brought back to Council prior to purchase.

Councilmember Tageant said it depends on what the tradeoff is. Councilmember Daughtry agreed, but said he assumes the department head will be looking at this.

Director Stevens said with the examples given, they would be purchases under special market conditions, which requires that Council approve a resolution authorizing the purchase.

Councilmember Hilt asked if a special market condition purchase would disrupt the replacement schedule, and Director Stevens responded that it would. For instance, a purchase opportunity could be lost under certain conditions if it requires Council approval.

Councilmember Daughtry noted this policy cannot be written for every situation that arises.

Councilmember Welch supports this for like items with Mayor and City Administrator approval and notification to Council. Councilmember Hilt agreed.

Mayor Spencer supports notification to Council President.

Administrator Brazel is more comfortable going back to Council for approval in instances where a budgeted vehicle or equipment is being changed for something else.

Councilmember Tageant said it is important to consider how these policies will be administered by future administrations.

There was consensus that unbudgeted items that are proposed for purchase in place of budgeted items require Council approval.

Director Stevens asked where the dollar threshold is for specific purchases.

Discussion ensued and Director Durpos said it is important to make distinctions because money is moved between funds all the time. He believes it needs to be tied to a specific item.

Mayor Spencer suggested \$10,000 as the threshold, with Council notification. He confirmed that replacement of approved budgeted items requires Council approval, and capital projects require Council approval.

Contract Amendments and Approvals were discussed next. Director Stevens asked if Council wants to see contract extensions? Staff is recommending extensions in one-year increments with up to three extensions be with City Administrator approval. If a contract amount increases and it is the first amendment the City Administrator or Mayor would approve up to the \$100,000 threshold with notification to Council. If it is more than 10% of the approved amount or beyond the first amendment City Council approval would be required. Another question is what is the maximum extension for contracts; good practice is to not go over three amendments without going out to bid.

Director Durpos clarified that this does not apply to public works contracts, and noted that with all public works contracts there is a contingency amount included in the contract.

Councilmember Gailey arrived at 6:42 p.m.

Mayor Spencer said this discussion relates to professional services contracts and not public works contracts. The City does not want to create a situation where there are serial contract renewals.

Councilmember Petershagen asked about the three single year extensions. Director Stevens explained that a number of contracts, specifically on-call contracts, have a provision for one-year extensions with mutual agreement. Mayor Spencer commented that City Council needs to be notified when contracts are extended.

Councilmember McDaniel said that if a contract is for one year and the work is not completed, Council should be informed. She is concerned that this could result in the erosion of the elected officials' role.

There was consensus that all contract amendments will be brought back to Council. This can possibly be done on the consent agenda.

Director Stevens said that currently master contracts are approved with a total budget amount and then task orders are completed for specific projects, such as guardrail or fence repair. Currently task orders are normally not brought back as they are already budgeted and approved under the contract. There was consensus that this is an appropriate process.

Director Stevens said that Final Project Acceptance is a formality that allows for the administrative work that will move a project to formal acceptance by Council. Staff is suggesting

that Final Project Acceptance be delegated to the Mayor and City Administrator with Council notification. Council agreed with this recommendation.

20th Street SE Property Values: Director Wright said this will be brought back to another workshop.

Mitigation Fee Review: Director Wright explained that under the Growth Management Act there is a principle called concurrency which says that developers pay for the associated costs of development. This is most often reflected in the collection of traffic, park and school impact fees. The school district sets the school impact fees based on its capital facilities program, and the city receives impact fees for both commercial and residential development, with both types of development paying traffic impact fees, and residential paying park impact fees. He reviewed the methodology to determine impact fees, and shared where the fund balances will be with planned and unanticipated capital projects. Traffic impact fees were last set in 2012. Looking ahead there will be a deficit in parks after 2018, and there will be deficits in roads looking out over the next six years. Staff would like to look more thoroughly at the budget for capital projects, conduct a wider sampling of adjacent communities, and come back to Council with proposed recommendations for updated impact fees.

Councilmember Hilt requested that population growth be included in the calculations.

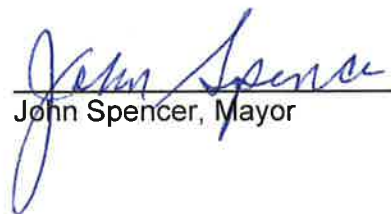
Responding to Councilmember McDaniel's question, Director Wright said that the traffic impact fees were adopted in 2012, and the park impact fee was adopted in approximately 2003-2005.

Director Wright also explained there are two traffic impact zones, with one having more connectivity. This will need to be re-evaluated after the downtown subarea plan is completed.

There was consensus to move forward with evaluating the mitigation fees.

Adjourn:

There being no further business, Mayor Spencer adjourned the meeting at 7:02 p.m.



John Spencer, Mayor



Kathy Pugh, City Clerk