

SKAGIT COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS MEETING

Wednesday, November 15, 2017

1:30 PM

[Wa Walton Event Center, Swinomish Casino & Lodge](#)

12885 Casino Drive, Anacortes, WA 98221

– *Light refreshments to be provided by the Swinomish Indian Tribal Community* –

AGENDA

1. **Call to Order and Roll Call**
2. **Public Comment** (three minute limit per person)
3. **Chair's Report**
4. **Executive Director's Report**
5. **Consent Agenda**
 - a. Approval of [October 18, 2017 SCOG Board of Directors meeting minutes](#)
 - b. Approval of [Accounts Payable Vouchers](#) and Payroll Certification
AP voucher batch #120801, #120805, #120893 and #121107 in an amount totaling \$17,809.12; and payroll certification for October 2017 in the amount of \$36,418.77.
6. **Action Items**
 - a. [2018 Budget](#) – *Kevin Murphy, SCOG*
7. **Discussion Items**
 - a. Secure Medicine Return Policy Presentation – *David Jefferson, Skagit County Public Health*
8. **Roundtable and Open Topic Discussion**
9. **Next Meeting:** Wednesday, December 20, 2017, 2:00 PM, Burlington City Council Chambers
10. **Adjourned**

Information:

[SCOG Financial Update](#)
[Actual vs Budget – YTD 3rd Quarter 2017](#)
[RLF Transition Information](#)

[Printer-friendly version of meeting materials](#)



BOARD OF DIRECTORS OFFICERS

Mayor Ramon Hayes.....Chair

Mayor Jason Miller Vice-Chair

BOARD OF DIRECTORS MEMBERSHIP AND VOTES

Anacortes 1
 Burlington 1
 Concrete..... 1
 Hamilton 1
 La Conner..... 1
 Lyman 1
 Mount Vernon..... 1

Port of Anacortes 1
 Port of Skagit..... 1
 Samish Indian Nation 1
 Sedro-Woolley..... 1
 Skagit County..... 3
 Skagit Public Utility District..... 1
 Swinomish Tribal Community 1

Title VI Notice: SCOG fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations. For more information, or to obtain a Title VI Complaint Form, visit SCOG's website at <http://scog.net/about/nondiscrimination/>.

Notificación del Título VI: El SCOG cumple plenamente con el Título VI de la Ley de Derechos Civiles de 1964, así como los estatutos y reglamentos relacionados .Si desea más información o tener acceso al formulario de denuncia del Título VI, visite la página web del SCOG <http://scog.net/about/nondiscrimination/>.

SKAGIT COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS MEETING MINUTES

Wednesday, October 18th, 2017
Burlington City Council Chambers
Burlington, Washington

MEMBERS PRESENT

Mayor Ramon Hayes, Town of La Conner, Chair; Mayor Jason Miller, Town of Concrete, Vice-Chair; Mayor Joan Cromley, Town of Hamilton; Councilman Rick DeGloria, City of Burlington; Mayor Laurie Gere, City of Anacortes; Commissioner Lisa Janicki, Skagit County; Councilman Gary Molenaar, City of Mount Vernon; Sheriff Will Reichardt, Skagit County; Mayor Keith Wagoner, City of Sedro-Woolley; Commissioner Ron Wesen, Skagit County.

STAFF PRESENT

Pam Carlson, Finance Manager; Rose Howe, Assistant Planner; Gabe Philips, Transportation Planner.

MEMBERS OF PUBLIC PRESENT

There were four members of the public in attendance.

MINUTES

1. Call to Order: Mayor Hayes called the meeting to order at 2:00 PM.
Roll Call: Roll was taken with a quorum present.
2. Public Comment: There were no public comments.
3. Chair's Report: Mayor Hayes had nothing to report.
4. SCOG Staff Report: Gabe Philips reported there is a Growth Management Act Steering Committee meeting on October 31st, 2017, at 11 am in the Skagit County Commissioner's Hearing Room.
5. Consent Agenda:
 - a. Approval of the September 20th, 2017 SCOG Board of Directors meeting minutes
 - b. Approval of Accounts Payable Vouchers and Payroll Certification
AP voucher batch #120531 and #120763 in an amount totaling \$18,484.99; and payroll certification for September 2017 in the amount of \$36,403.71.
Mayor Wagoner moved to approve the consent agenda. Mayor Gere seconded the motion. The motion carried unanimously.
6. Discussion Items
 - a. 2018 Draft Budget – Pam Carlson reported about the new items in the 2018 draft budget. Mrs. Carlson said there is a decrease in Salaries and Benefits expense category, due to staffing changes and a change to SCOG staff health plans. Mrs. Carlson also reported that Pass Through Funding expenses amount to \$80,000, and a portion of this funding will cover a contract with Whatcom Council of Governments that will be fulfilled next year for an Origin and Destination study. Mrs. Carlson also reported the Amended 2017 Budget contains many of the one-time costs associated with moving to SCOG's new office space. Mrs. Carlson noted the Human Services Transportation Plan that will be developed in 2018 will be paid for using an award from last year.

Commissioner Janicki stated she was surprised about the decreased medical costs in the 2018 Draft Budget, and asked whether there is a reduction in coverage for employees. Mrs. Carlson responded that the previous health plan provided rich coverage, and the new plan has similarly generous medical coverage for employees. Mrs. Carlson added the reduction in costs is partly due to staffing changes.

7. Council Roundtable and Open Topic Discussion: Councilman Molenaar read a letter from Mayor Boudreau stating the City of Mount Vernon’s concern with the current wording of the ECONorthwest Housing and Transportation Analysis report. Mayor Wagoner stated he was inclined to agree with Mayor Boudreau’s comment, and he stated the implementation of the report’s action plan threatens the sovereignty of cities. Mayor Wagoner wished to know if the report was meant to be informational or binding. Mayor Miller also expressed concern about the report on behalf of Concrete, and noted that Concrete’s planner sent detailed remarks and edits to Kevin Murphy. Commissioner Janicki confirmed Concrete’s remarks were included in the meeting materials packet sent to Board members and requested that Mount Vernon’s letter also be included in the [meeting record](#).

Mayor Hayes summarized by stating Concrete had already submitted their edits to Kevin Murphy, and asked if Mount Vernon and Sedro-Woolley would submit their edits to Kevin Murphy by the next Board meeting. Councilman Molenaar and Mayor Wagoner gave verbal approval. Mayor Hayes requested that SCOG staff ask Kevin Murphy to report on the situation at next month’s meeting.

Commissioner Wesen asked if there are common ground solutions that all Board members should be working on, and Mayor Wagoner responded that each community is different. Mayor Miller concluded the discussion by again asking how binding the housing document will be. Mayor Miller stated that it is fine if the housing document is non-binding; however, it is not fine if the document will be binding for cities and towns.

8. Next Meeting: The next SCOG Board of Directors meeting will be Wednesday, November 15th, 2017, at 2:00 PM in the Wa Walton Event Center at the Swinomish Casino following the Transportation Policy Board meeting.

9. Adjourned: The meeting adjourned at 2:15 PM.

Information Items: The Board of Directors was provided with a financial update and copies of the Housing & Transportation Analysis Final Report and Action Plan.

Kevin Murphy, Executive Director
Skagit Council of Governments

Dated: _____

Approved,

Mayor Ramon Hayes, Town of La Conner
Board of Directors Chair
Skagit Council of Governments

Dated: _____

SKAGIT COUNCIL OF GOVERNMENTS

BATCH NUMBER: 120801

OCTOBER 2017

BATCH TOTAL: \$787.58

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2017186	Interest on Sequestered Funds Economic Development Administration		09/30/17	501 4910	\$787.58

BATCH NUMBER: 120805

OCTOBER 2017

BATCH TOTAL: \$1,517.63

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2017187	Workman's Comp WA State Dept of L&I	Qtr 3 2017	09/30/17	699 21330 501 2300	\$459.63 \$0.06
2017188	SUTA Employment Security Department	Qtr 3 2017	09/30/17	501 2900	\$1,057.94

BATCH NUMBER: 120893

OCTOBER 2017

BATCH TOTAL: \$8,187.46

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2017189	Employee Healthcare Benefits Association of WA Cities	11-2017	10/19/17	501 2400	\$8,187.46

BATCH NUMBER: 121107

NOVEMBER 2017

BATCH TOTAL: \$7,316.45

NO.	Vendor Name	Invoice Number	Invoice Date	GL Code	Inv Amount
2017190	Supplies US Bank Visa		10/06/17	501 4910	\$88.31
2017191	Supplies US Bank Visa		10/06/17	501 4910	\$4.07
2017192	Travel Expense US Bank Visa		10/16/17	501 4910	\$47.50
2017193	Travel Expense US Bank Visa		10/16/17	501 4910	\$82.68
2017194	Travel Expense US Bank Visa		10/19/17	501 4910	\$25.00
2017195	Travel Expense US Bank Visa		10/20/17	501 4910	\$962.96
2017196	Travel Expense US Bank Visa		10/20/17	501 4910	\$78.00
2017197	Travel Expense US Bank Visa		10/20/17	501 4910	\$42.00
2017198	Travel Expense US Bank Visa		10/25/17	501 4910	\$12.00
2017199	Supplies Crystal Springs	101517	10/15/17	501 4910	\$77.05
2017200	Professional Services Shred-It USA	8123414369	10/22/17	501 4910	\$29.00
2017201	Professional Services Parametrix, Inc.	03-40325	10/26/17	501 4910	\$1,331.40
2017202	Copier Lease & Printing Ricoh USA, Inc.	99610132	10/26/17	501 4910	\$358.09
2017203	Expense Reimbursement Kevin Murphy		10/31/17	501 4910	\$198.69
2017204	Expense Reimbursement Gabe Philips		10/31/17	501 4910	\$9.84
2017205	Expense Reimbursement Pam Carlson		10/31/17	501 4910	\$113.32
2017206	Expense Reimbursement Rose Howe		10/31/17	501 4910	\$4.82
2017207	Fiber Pogo Zone	101582	11/01/17	501 4910	\$119.82
2017208	Rent Skagit Valley College	23851	10/30/17	501 4910	\$531.90
2017209	Rent NECA		12/01/17	501 4910	\$3,200.00

ACTION ITEM 6.A. – 2018 BUDGET

Document History

MEETING	DATE	TYPE OF ITEM	STAFF CONTACT	PHONE
Board of Directors	August 16, 2017	Discussion	Kevin Murphy	360-416-7871
Board of Directors	October 18, 2017	Discussion	Pam Carlson	360-416-7875
Board of Directors	November 15, 2017	Action	Kevin Murphy	360-416-7871

RECOMMENDED ACTION

Staff recommends approval of the Proposed 2018 Budget.

FISCAL IMPACT

The proposed 2018 operating budget includes \$834,180 of total expenses and is \$3,500 less than the amended 2017 operating budget.

DISCUSSION

The Proposed 2018 Budget includes estimated revenue in the amount of \$871,722 which compares to the 2017 budget of \$846,542. The revenue components are as follows: federal funds 74%, state funds 8% and local funds and other 18%. Major budget assumptions include dues increase of 3% (approved in August 2017), continued Growth Management Act support, office space rent & utilities increase, one-time moving costs, staffing level changes, and a 3.1% cost of living for staff.

The most significant expense categories are Salaries and Benefits, Pass Through Funding, Professional Services, and Operating Expenses.

- Salaries and Benefits:** \$503,495 is budgeted for salaries and benefits in the Proposed 2018 Budget. This is \$21,570 (4%) lower than the 2017 budgeted amount. The direct salary component is estimated to be \$4,793 lower and consists of current salary for current staff, plus 3% step increase for eligible staff, change in staffing level, revised salary for the Executive Director, a cost of living adjustment of 3.1%, and a part-time summer intern. Benefits are expected to decrease by about 9% which results in a decrease of \$16,776. SCOG will offer a less expense healthcare plan January 1, 2018 and the change in staffing level and staff demographics also contributes to lower costs for healthcare benefits, pension benefits and payroll taxes.
- Pass Through Funding:** Pass Through Funding in the amount of \$80,000 in the Proposed 2018 Budget is \$70,000 higher than in 2017. SCOG previously passed funds through to Whatcom COG for services provided for the North Sound Connecting Communities grant which was fully expended in 2017. \$80,000 is included in the

Proposed 2018 Budget for an Origin and Destination Study which will begin in 2018. Whatcom COG will take the lead on the project.

- Professional Services: Professional services, in the amount of \$110,500 in the Proposed 2018 Budget, are \$64,800 lower than the 2017 Amended Budget. The 2017 Amended Budget includes one-time professional service costs associated with moving to new office space. Professional Services in the Proposed 2018 Budget include the following:

- Professional Services
 - Annual Audit (1 year financial)..... \$15,000
 - Skagit County Auditing Services \$3,825
 - Skagit County Information Systems ** \$22,675
 - Accounting Consultant..... \$1,000
 - Legal Services \$7,000
 - Human Resources Support \$2,000
 - Human Services Transportation Plan \$30,000
 - Traffic Counts \$24,000
 - IT Cable & Set Up..... \$5,000

** Skagit County Information Systems: The amount budgeted for Skagit County Information Systems is based on an estimate prepared for SCOG by the Director of Information Services. Actual costs of shared services are divided among the number of users of the systems each quarter. The budgeted amount should be worse case scenario. The IS services include: ongoing IT, equipment replacement every 5 years, Microsoft software licenses, staff access to Cayenta (County financial system), telephone equipment and service, fiber, email, Wi-Fi, and disaster recovery. Previous budgets included \$13,800 for IT support and staff access to Cayenta. Equipment replacement, telephone service, fiber, work on the network, licensing and such were separate line items in the budget. Staff expects the overall cost of IT services to be lower going forward and also expect a significantly higher level of performance and reliability. Cayenta costs are expected to be approximately \$4,000 higher in 2018 because there will be a major upgrade.

- Operating Expenses: Operating expenses in the 2018 Proposed Budget, in the amount of \$101,785 is \$19,130 lower than the 2017 Amended Budget. The type of expenses included in this category are; conferences, computer and software, equipment lease, fees, insurance, utilities, supplies and travel. Staff expects there will be some carryover of one-time moving expenses into 2018 and as such some of the one-time expenses associated with moving to new office space are included in the Proposed 2018 budget.

The areas of the budget most likely to change between now and adoption are the amount budgeted for benefits when the 2018 rates are posted, carryover amounts on contracts in progress, the professional services budget and one-time moving costs.

The 2018 Proposed Budget presented for approval follows on the next page.



2018 -Proposed Budget			
Presented to the Board of Directors for Approval			
November 15, 2017			
	2017	2018	
	Budget Amended 09/20/2017	Proposed 11/15/2017	Increase or Decrease
REVENUE			
Local Dues and Other	\$ 154,480	\$ 158,334	
State	69,731	69,556	
Federal	618,051	643,832	
RLF Interest & Fees (also Federal)	4,280	-	
Total Revenue	\$ 846,542	\$ 871,722	\$25,180
EXPENSES			
Salaries	\$ 344,205	\$339,411	
Benefits	180,860	164,084	
Total Salaries & Benefits	\$ 525,065	\$ 503,495	(\$21,570)
Other Expenses			
Operating Expenses	\$ 120,915	101,785	\$ (19,130)
Pass Through Funding	10,000	80,000	70,000
Professional Services	175,300	110,500	(64,800)
Rent	6,400	38,400	32,000
Total Other Expenses	\$ 312,615	\$ 330,685	\$18,070
Total Expenses	\$ 837,680	\$ 834,180	(\$3,500)
Net Increase (Decrease) in Cash	\$ 8,862	\$ 37,542	

Financial Position

For the Month Ended:	09/30/17	08/31/17	07/31/17	06/30/17	05/31/17	04/30/17	03/31/17	02/28/17	01/31/17
General Fund Balance	220,924	219,628	212,457	197,986	244,706	281,047	250,207	313,234	258,192
Accounts Receivable	78,499	80,273	79,911	91,156	84,088	45,343	91,198	53,276	129,360
Accounts Payable	(8,020)	(11,920)	(6,266)	(12,332)	(27,114)	(10,047)	(10,917)	(29,473)	(24,063)
Net Working Capital	291,403	287,981	286,102	276,810	301,680	316,343	330,488	337,037	363,489

Skagit Council of Governments
Year to Date Actual vs. Budget
January through September 2017

	Actual Jan - Sept 2017	Annual Budget 2017	\$ Over (Under) Budget	% of Budget
Revenues				
333 - Federal Grants	\$388,055	\$618,051	(\$229,996)	63%
334 - State Grants	43,111	69,731	(26,620)	62%
337 - Local	36,146	26,000	10,146	139%
338.2 - Dues & Other Local	128,480	128,480	0	100%
399 - Reimbursable Expenses	0			
361.11 - Investment Interest	6,198			
361.4 - RLF Loan Interest	2,531	4,280	(1,749)	59%
369.9 - RLF Processing & Collectn Fees	125			
Total Revenues	\$604,646	\$846,542	(\$241,896)	71%
Expense				
505 - Advertising / Legal Notices	1,112	6,500	(5,388)	17%
510 - Conferences & Training	2,163	10,750	(8,587)	20%
515 - Computer & Software Expenses	4,760	8,450	(3,690)	56%
520 - Dues and Subscriptions	1,779	2,560	(781)	69%
525 - Equipment & Furniture Purchases	0	2,000	(2,000)	0%
530 - Equipment Lease	1,817	3,200	(1,383)	57%
532 - Fees	720	1,175	(455)	61%
533 - Finance Charges & Interest	887	100	787	887%
535 - Insurance Expense	5,227	5,700	(473)	92%
538 - Meeting Expenses	131	450	(319)	29%
540 - Pass Through Funding	6,000	10,000	(4,000)	60%
545 - Phones	2,104	4,800	(2,696)	44%
550 - Postage	118	300	(182)	39%
555 - Payroll Salaries and Wages	258,106	344,204	(86,098)	75%
556 - Payroll Taxes & Benefits	131,936	180,861	(48,925)	73%
557 - Printing	2,410	3,330	(920)	72%
560 - Professional Services	136,674	148,600	(11,926)	92%
565 - Rent Expense	4,787	6,400	(1,613)	75%
570 - Repairs and Maintenance	0	500	(500)	0%
575 - Supplies	922	3,600	(2,678)	26%
580 - Travel	4,202	10,000	(5,798)	42%
595 - Other Expenses	0	0	0	0%
Total Expense	\$565,855	\$753,480	(\$187,625)	75%
Net Increase (Decrease) in Cash	\$38,791	\$93,062	(\$54,271)	

REVOLVING LOAN FUND TRANSITION INFORMATION FOR NOVEMBER 15, 2017 SCOG BOARD OF DIRECTORS MEETING

ECONOMIC DEVELOPMENT ADMINISTRATION RLF

SCOG's Board of Directors approved Resolution 2017-06 to Approve Transfer of Business Development and Public Works Revolving Loan Funds at the August 16, 2017 Board meeting.

- a. The MOU between SCOG and NDC has been fully executed by both parties and has been forwarded to EDA. The MOU is to clearly detail the transfer of rights, title, interest in all assets, liabilities and responsibilities and the grantee designation from SCOG to NDC-EDL.
- b. NDC-EDL is in process of providing information to EDA.
- c. EDA expects to circulate the Transfer Agreement by December 7, 2017. Assuming all parties sign in a timely manner, SCOG should be able to transfer funds and files to NDC-EDL before the last day of the year.
- d. SCOG submitted the Semi-annual RLF Report (ED-209) for the 6 months ended 09/30/2017 on 10/26/2017.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) RLF's

Skagit County is the recipient of the CDBG funded Micro Enterprise and Business Lending RLF's. Skagit County contracted with SCOG to administer the CDBG RLF's.

- a. Skagit County staff continue to work with the Department of Commerce to find another CDBG eligible activity to transfer the funds to, that will be beneficial for low to moderate income persons.
- b. SCOG will transfer the funds remaining in the Micro Enterprise and Business Lending RLF accounts to Skagit County upon CDBG approval. It is now unlikely the transfer will occur before year end. Transfer of the funds prior to having an approved plan will jeopardize other grants. The fund transfer triggers a requirement that the monies must be used for an eligible purpose right away.
- c. SCOG will also assign its interest in loans listed for collection with Debt Recovery Specialists to Skagit County.
- d. The contract for SCOG to administer the CDBG RLF's will be terminated when the transfer of funds to Skagit County has been completed.

INFORMATION ITEMS

- a. Cash Balances: 10/31/2017; \$877,094
 - i. Business Development Fund \$ 351,833
 - ii. Micro Enterprise Fund \$ 66,470
 - iii. Public Works Fund \$ 202,671
 - iv. Business Lending Fund \$ 256,120

- b. RLF Loan Principal Balances: 10/31/2017; \$332,728
 - i. Business Development \$ 137,310
 - ii. Micro Enterprise \$ 10,537
 - iii. Business Lending \$ 184,881

RLF COMMITTEE NEXT MEETING

There are no future meetings scheduled at this time. A Committee meeting will be scheduled in the event that staff and/or the Board of Directors needs further direction to carry out the dissolution of the RLF programs. When SCOG is fully divested of the RLF programs the Committee will be dissolved by the Board of Directors.

RLF COMMITTEE

Mayor Ramon Hayes, Town of LaConner; Commissioner Ken Dahlstedt, Skagit County; Mary Anstensen; Liz Crenna, Special Credits Officer Skagit Bank and Mayor Keith Wagoner, City of Sedro-Woolley.