Next Ord: 2064-23
Next Res: 1133-23

CITY COUNCIL STUDY SESSION AGENDA
December 6, 2023
6:00 PM
Sedro-Woolley Municipal Building
Council Chambers
325 Metcalf Street

a. Call to Order

b. Pledge of Allegiance

c. Roll Call

d. Introduction of Special Guests and Presentation

1. Office of the Washington State Auditor - Audit Exit Conference
2. Community Action of Skagit County

e. Unfinished Business

f. New Business

1. Confirmation of Eulises Tovar as Information Technology Director
2. Economic Development Strategy
3. Archway Proposal

g. Adjournment

Next Meeting(s)City Council Meeting and Public Safety Committee Meeting - December 13, 2023

The City of Sedro-Woolley complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, limited English proficiency, age, disability, or sex. The City of Sedro-Woolley doesn't exclude people or treat them differently because of race, color, national origin, limited English proficiency, age, disability, or sex.

The City of Sedro-Woolley also complies with applicable state laws and doesn't discriminate on the basis of creed, gender, gender expression or identity, sexual orientation, marital status, religion, honorably discharged veteran or military status, or the use of a trained dog guide or service animal by a person with a disability.

Join Zoom Meeting:
https://zoom.us/j/91786850179?pwd=Vys0Y29XalZmQTRmemJBM2txVDlUQT09
or dial by location at:
+1 253 215 8782 US (Tacoma)

+1 669 900 6833 US (San Jose)
+1 346 248 7799 US (Houston)
+1 929 205 6099 US (New York)
+1 301 715 8592 US (Washington DC)
+1 312 626 6799 US (Chicago)

City Council Agenda Item

Agenda Item No.: d.1.

Date: December 6, 2023

From: Kelly Kohnken, Finance Director / City Clerk

Subject: Office of the Washington State Auditor - Audit Exit Conference

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RECOMMENDED ACTION:

Discussion only, no recommended action.

ISSUE:

Office of the Washington State Auditor exit conference from the fiscal year 2022 financial statement and federal compliance audits.

BACKGROUND/SUMMARY INFORMATION:

The City of Sedro-Woolley reports on the cash basis of accounting prescribed by the Office of the Washington State Auditor (SAO). In simple term, cash basis means the City reports revenues when payment is received and expenditures when payment is made.

Annually, the City reports the following statements and schedules:

- Fund Resources and Uses Arising from Cash Transactions (revenues and expenditures)
- Fiduciary Fund Resources and Uses Arising from Cash Transactions (court revenues and expenditures)
- Notes to the Financial Statements
- Schedule of Liabilities
- Schedule of Expenditures of Federal Awards

SAO provides an independent audit opinion on whether the City's financial reports are accurate and complete. The results of the fiscal year 2022 financial statement audit are attached.

SAO also audits selected programs from the City's Schedule of Expenditures of Federal Awards. This schedule reports the expenditures associated with federal grants and loans each year. SAO does not audit the entire SEFA but selects programs based on dollar value and risk. For fiscal year 2022, SAO audited the Highway Planning and Construction Grant and Community Facilities Loan. SAO verifies that federal money is spent according to the laws that govern each federal program. The results of the fiscal year 2022 federal compliance audit are attached.

Final audit reports will be posted on SAO's website and the City's website.

FISCAL IMPACT, IF APPROPRIATE:

None

ATTACHMENTS:

1. ExitDocument+DRAFT_AuditReport

Exit Conference: City of Sedro-Woolley

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Financial statement and federal grant compliance audits for January 1, 2022, through December 31, 2022 – see draft report.

Audit Highlights

We appreciate City staff for their high level of engagement and collaboration throughout the audit process. Specifically, we would like to thank Finance Director Kelly Kohnken for her thorough and timely responses to our audit questions and requests. Additionally, we appreciate Director of Public Works Mark Freiberger and Public Works Administrative Analyst Julie Rosario for their assistance during the federal program audit.

Financial Statement Audit Communication

We would like to bring the following to your attention:

- We didn't identify any material misstatements during the audit.
- We did not identify any uncorrected misstatements.
- The audit addressed the following risks, which required special consideration:
    - Due to the possibility that management may be able to circumvent certain controls, standards require the auditor to assess the risk of management override.
    - The City adopted new accounting guidance by implementing the provisions of GASB statement No.87 Leases, which establishes standards for the accounting of leases. The implementation of this statement changed the presentation and disclosure of leases. This change necessitated the auditor to assess the risk related to the implementation of this accounting standard.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: https://portal.sao.wa.gov/SAOPortal.

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

We estimated the cost of the audit to be $33,200 and actual audit costs will approximate that amount.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2024 and will cover the following general areas:

- Accountability for Public Resources – 2022 & 2023
- Financial Statement – 2023
- Federal Programs – 2023

The estimated cost for the next audit based on current rates is $60,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

Kelly Collins, CPA, CFE, Director of Local Audit, (564) 999-0807, Kelly.Collins@sao.wa.gov

Wendy Choy, Assistant Director of Local Audit, (425) 502-7067, Wendy.Choy@sao.wa.gov

Deena Garza, Audit Manager (360) 676-2165 or Deena.Garza@sao.wa.gov

Susanne Hancock, CPA, Assistant Audit Manager (360) 594-0572 or Susanne.Hancock@sao.wa.gov

Jordan Helms, Audit Lead (360) 676-2165 or Jordan.Helms@sao.wa.gov

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Financial Statements and Federal Single Audit Report

City of Sedro-Woolley

For the period January 1, 2022 through December 31, 2022

Published (Inserted by OS)

Report No. 1033668

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

Issue Date – (Inserted by OS)

Mayor and City Council
City of Sedro-Woolley
Sedro Woolley, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Sedro-Woolley's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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City of Sedro-Woolley
January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the City of Sedro-Woolley are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

ALN	Program or Cluster Title
10.766	Community Facilities Loans and Grants Cluster - Community Facilities Loans and Grants
20.205	Highway Planning and Construction Cluster - Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2022-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

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City of Sedro-Woolley
January 1, 2022 through December 31, 2022

2022-001 The City did not have adequate internal controls to ensure accurate reporting of the Schedule of Expenditures of Federal Awards.

Background

State and federal agencies, the Board of Commissioners, and the public rely on information included in financial statements to make decisions. City management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. These controls should ensure the City properly reports financial events. The City prepares its financial statements in accordance with the cash-basis accounting method prescribed by the State Auditor's Office's *Budgeting, Accounting and Reporting System* (BARS Manual).

Our audit found deficiencies in internal controls over financial reporting that affected the City's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding.

Description of Condition

The City prepared a Schedule of Expenditures of Federal Awards (SEFA) to document the federal grant funding it spent during the year. The federal government requires award recipients to complete a SEFA, and the State Auditor's Office uses it to determine which federal programs require additional audit procedures. Our audit found the City did not have an adequate process in place to ensure a federal program with an outstanding loan balance that required reporting was included on its SEFA.

We consider this deficiency in internal controls over accounting and financial reporting to be a material weakness.

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Cause of Condition

City employees responsible for preparing the SEFA were not aware that the guidance for this program changed for fiscal year 2022, which required them to include the outstanding loan balance for this program.

Effect of Condition

The City did not report on its SEFA the outstanding loan balance related to the Community Facilities Loans and Grants (ALN 10.766) program. As a result, the SEFA was understated by $2,148,544.

Had this program been included in the original SEFA, it would have been selected for additional audit procedures during the planning process to ensure compliance with federal requirements. An incorrect SEFA can lead to audit delays beyond the federal reporting deadline, cause additional audit costs, and potentially jeopardize future federal funding.

The City subsequently corrected this error, and our Office performed the required single audit of the program.

Recommendation

We recommend the City establish and follow effective internal controls over financial statement preparation. This should include ensuring the SEFA reports all outstanding loan balances in accordance with current federal requirements.

City's Response

The City has a USDA loan for the building of City Hall / Courtroom. When the building was initially constructed the City reported the expenditures and the loan on the Schedule of Expenditures of Federal Awards (SEFA). The program was then audited by the State Auditor's Office. Between 2011-2021, the language in the federal compliance requirement stated this loan did not have continuing compliance requirements and therefore did not need to be reported on the SEFA. The USDA has changed this position and determined these loans do have continuing compliance requirements and therefore should be reported on the SEFA. The USDA did send notification to the City; however, it was sent to the former City Administrator and two former Finance Directors. Staff preparing and reviewing the fiscal year 2022 financial statements were unaware of this change.

The City corrected this error on the SEFA. The City would also like to note, this loan has been correctly reported on the Schedule of Liabilities since initiated.

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Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

Budgeting, Accounting and Reporting System (BARS Manual), 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

BARS Manual, 4.14.5, Expenditures of Federal Awards (Schedule 16), requires governments that expend over $750,000 or more in federal grant awards in a year, must arrange a federal single audit in accordance with the Uniform Guidance, 2 CFR 200, Subpart F-Audit Requirements.

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 502 – Basis for determining federal awards expended.

Title 2 CFR Part 200, Uniform Guidance, section 510, Financial statements, requires the auditee to prepare a schedule of expenditures of federal awards including the total federal awards expended during the period.

U.S. Department of Agriculture Administrative Notice No. 4889 (1942-A, 5001, and 3570-B), *Community Facilities Direct and Guaranteed Loan Borrowers, and Grant Recipients Annual Audit and Financial Reporting Requirements.*

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INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City of Sedro-Woolley
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sedro-Woolley
Sedro Woolley, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the City of Sedro-Woolley, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated December 6, 2023.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001, that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CITY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

December 6, 2023

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INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

City of Sedro-Woolley
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sedro-Woolley
Sedro Woolley, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the City of Sedro-Woolley, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States*;* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

December 6, 2023

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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

City of Sedro-Woolley
January 1, 2022 through December 31, 2022

Mayor and City Council
City of Sedro-Woolley
Sedro Woolley, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the City of Sedro-Woolley, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Sedro-Woolley, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Sedro-Woolley, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

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Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

December 6, 2023

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Preliminary Draft - Please do not duplicate, distribute, or disclose.

FINANCIAL SECTION

City of Sedro-Woolley
January 1, 2022 through December 31, 2022

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2022
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022
Notes to Financial Statements – 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2022
Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-1661
Fax (360) 855-0707

Kelly Kohnken
Finance Director / City Clerk

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

City of Sedro-Woolley
January 1, 2022 through December 31, 2022

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number:	**Finding caption:**
2022-001	The City did not have adequate internal controls to ensure accurate reporting of the Schedule of Expenditures of Federal Awards.
Name, address, and telephone of City contact person: Kelly Kohnken, Finance Director 325 Metcalf Street Sedro-Woolley, WA 98284	
Corrective action the auditee plans to take in response to the finding: *City staff corrected the error reported on the fiscal year 2022 Schedule of Expenditures of Federal Awards.* *City staff also updated contact information with the United States Department of Agriculture to ensure any future notifications are sent to current City of Sedro-Woolley employees.*	
Anticipated date to complete the corrective action: October 2023	

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-1661
Fax (360) 855-0707

Kelly Kohnken
Finance Director / City Clerk

December 6, 2023

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of the City of Sedro-Woolley for the period from January 1, 2022, through December 31, 2022. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquires to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
   a. Financial records and related data.
   b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
   c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
   d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.

e. Related party relationships and transactions.

f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.

2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.

4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

5. We have complied with all material aspects of laws, regulations, contracts and grant agreements.

6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations and safeguarding of public resources, including controls to prevent and detect fraud.

7. We have established adequate procedures and controls to provide reasonable assurance of safeguarding public resources and compliance with applicable laws and regulations.

8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.

9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.

10. We are responsible for taking corrective action on audit findings and have developed a corrective action plan.

Additional representations related to the financial statements:

11. We acknowledge our responsibility for fair presentation of the financial statements and believe financial statements are fairly presented in accordance with the *Budgeting, Accounting and Reporting Standards Manual* (BARS Manual), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

12. We acknowledge our responsibility for establishing and maintaining effective internal control over financial reporting.

13. The financial statements properly classify all funds and activities.

14. Revenues are appropriately classified by fund and account in accordance with the BARS Manual.

15. Expenses are appropriately classified by fund and account, and allocations have been made on a reasonable basis.

16. Ending cash and investments are properly classified as nonspendable, restricted, committed, assigned, and unassigned.

17. Significant assumptions we used in making accounting estimates are reasonable.

18. The following have been properly classified, reported and disclosed in the financial statements. as applicable:

    a. Interfund, internal, and intra-entity activity and balances.

    b. Related-party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    c. Joint ventures and other related organizations.

    d. Guarantees under which the government is contingently liable.

    e. All events occurring subsequent to the fiscal year end through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

    f. Effects of all known actual or possible litigation, claims, assessments, violations of laws, regulations, contracts or grant agreements and other loss contingencies.

19. We have accurately disclosed to you all known actual or possible pending or threatened litigation, claims or assessments whose effects should be considered when preparing the financial statements. We have also accurately disclosed to you the nature and extent of our consultation with outside attorneys concerning litigation, claims and assessments.

20. We acknowledge our responsibility to include all necessary and applicable disclosures required by the BARS Manual, including:

    a. Description of the basis of accounting, summary of significant accounting policies and how this differs from Generally Accepted Accounting Principles (GAAP).

    b. Disclosures similar to those required by GAAP to the extent they are applicable to items reported in the financial statements.

    c. Any additional disclosures beyond those specifically required by the BARS Manual that may be necessary for the statements to be fairly presented.

21. We acknowledge our responsibility for reporting supplementary information, including the Schedule of Liabilities and the Schedule of Expenditures of Federal Awards in accordance with applicable requirements and believe supplementary information is fairly presented, in both form and content in accordance with those requirements.

22. We have disclosed to you all significant changes to the methods of measurement and presentation of supplementary information, reasons for any changes and all significant assumptions or interpretations underlying the measurement or presentation.

23. We believe there are no uncorrected misstatements that would be material individually and in the aggregate to the financial statements taken as a whole.

24. We acknowledge our responsibility not to publish any document containing the audit report with any change in the financial statements, supplementary and other information referenced in the auditor's report. We will contact the auditor if we have any needs for publishing the audit report with different content included.

Additional representations related to expenditures under federal grant programs:

25. We acknowledge our responsibility for complying, and have complied, with the requirements of 2 CFR § 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

26. With regards to your audit of federal grant programs, we have made available all relevant and requested information of which we are aware, including:
    a. All federal awards and related grant agreements (including amendments, if any), contracts with pass-through entities, service organizations and vendors, and correspondence.
    b. All communications from federal awarding agencies, vendors, service organizations or pass-through entities concerning possible noncompliance.
    c. All information regarding corrective actions taken and management decisions or follow-up work performed by federal or pass-through agencies on any findings reported in the past.
    d. All documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
    e. Interpretations or other support for any situations where compliance with requirements might be questionable or unclear.

27. We have identified and complied with all direct and material compliance requirements of federal awards.

28. Management is responsible for establishing effective internal control and has, except as reported by the audit, maintained sufficient control over federal programs to provide reasonable assurance that awards are managed in compliance with laws, regulations, contracts or grant agreements that could have a material effect on each of our federal awards.

29. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the basic financial statements have been prepared, and are prepared on a basis consistent with the Schedule of Expenditures of Federal Awards.

30. Copies of federal program reports provided to you are true copies of the reports submitted, or electronically transmitted, to federal agencies or pass-through agencies, as applicable.

31. We are responsible for, and will accurately prepare, the auditee section of the Data Collection Form as required by the Uniform Guidance.

DocuSigned by:
Julia Johnson
3C84008CC8484BD...

Julia Johnson
Mayor

DocuSigned by:
Kelly Kohnken
2C53B290694B4A9...

Kelly Kohnken
Finance Director

City Council Agenda Item

Agenda Item No.: d.2.

Date: December 6, 2023

From: Serena Mynatt, Deputy Clerk

Subject: Community Action of Skagit County

RECOMMENDED ACTION:

A motion to consider Community Action's request of $10,000, to support service to City of Sedro-Woolley residents, as an item for a future regular session of the City Council.

ISSUE:

Presentation to share how Community Action's programs and services have helped people in our community and across Skagit County.
Community Action respectfully requests $10,000 from the City of Sedro-Woolley to support its services to our residents.

BACKGROUND/SUMMARY INFORMATION:

See attached letter for more information.

FISCAL IMPACT, IF APPROPRIATE:

Community Action respectfully requests $10,000 from the City of Sedro-Woolley to support its services to our residents.

ATTACHMENTS:

1. Community Action of Skagit County

Community Action of Skagit County

October 27,2023

City of Sedro-Woolley
325 Metcalf St.
Sedro-Woolley, WA 98284

Dear Mayor Johnson,
Thank you for your continued support of our agency. Your contributions to Community Action of Skagit County (Community Action) helps over 1,500 people in your city, not to mention those who work, visit, and shop in Sedro-Woolley from across Skagit County and beyond.

Our Funding Request
Community Action respectfully requests $10,000 from the City of Sedro-Woolley to support our service to your residents. In addition to providing our wide array of services, we also hope to work in partnership with City leadership to identify opportunities to create housing that your local veterans, seniors, families and workers can afford. Your support of Community Action has been critical to our past success in providing services for your constituents and we will be looking for more ways to partner with you to provide housing people can afford.

Community Action of Skagit County
As the nexus of local anti-poverty and economic mobility efforts, Community Action leverages the support of hundreds of government, nonprofit, private businesses, and individuals to deliver services and resources to individuals and families in Skagit County. Community Action's breadth and depth of services—from food and housing to job skills and training to education — reflects our guiding mission to address causes of poverty and empower individuals and families to drive major and sustainable life changes. Our aim is to ensure that everyone in Skagit County has access to basic necessities. Our mission is to stabilize lives, equip people to meet their goals, and build a stronger, more equitable Skagit County. With deep roots in Skagit Count, Community Action is uniquely positioned to connect people to programs and services that create ongoing pathways from poverty to prosperity.

The Need
Since the onset of the COVID-19 pandemic, the need for food has increased dramatically in Skagit County, with nearly 50% of our county's population of 129,205 residents now considered food insecure. To make matters worse, we are now seeing food shortages because some of our main food sources are no longer providing as much food as they were during the worst of the pandemic while demand remains unchanged.

Food insecurity affects our least resourced individuals and families. While 9.5% of the total Skagit County population lives below the federal poverty level, poverty status disproportionately affects those who are chronically at risk of lacking access to resources[1]:

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[1] American Community Survey, 2020 Five-Year Estimates, U.S. Census Bureau.

- Nearly one in four individuals who identify as either American Indian or Alaskan Native or Hispanic/Latino live below the poverty line;
- Nearly one in four low-income individuals in Skagit County are among the most vulnerable of the under resourced population: 14.6% of individuals below the poverty level are children, and 6.8% are seniors ages 60 and older; and
- Nearly one in three households (29%) in Skagit County with children under the age of 18 receives SNAP benefits.

The Skagit Food Distribution Center (SFDC) in Sedro-Woolley is the county's centralized food distributor supporting 19 food banks across Skagit, Snohomish, Island and San Juan Counties. In 2022, the SFDC responded to the continued demand receiving and distributing over 3 million pounds.

The lasting effects of COVID-19, numerous systemic challenges, availability of affordable housing has created a housing crises. The individuals and families Community Action serves are struggling to secure affordable housing due to rising housing costs, a limited supply of homes people can afford, and limited access to housing resources. Which is why Community Action is stepping into the void and working with all communities, property owners, local governments, and funders to create more housing and ensure affordability.

Community Action's Impact in Sedro-Woolley
In 2022, Community Action helped stabilize the lives of over 1,500 people in Sedro-Woolley, helping 4,692 access food, and helped 513 people improve their financial situation and avoid becoming homeless.

In 2022, 28% of those we served were under 13 years old, 82% of the households were below 30% of Area Median Income (AMI), and 22% were single parent households.

Our Partnership Together
Your past funding has been essential to our work, and we look forward to continue to build our partner and formulate solutions in basic services and housing for the residents of Sedro-Woolley.

Your support will continue to help address the immediate challenges faced by growing numbers of families and individuals experiencing food insecurity, housing scarcity and other basic needs.

Thank you for your consideration of our request. Please contact me via email at BillH@CommunityActionSkagit.org or phone (360) 588-5752 if you have any questions or would like any additional information at this time.

Sincerely,

Bill

Bill Henkel
Executive Director

City Council Agenda Item

Agenda Item No.:	f.1.
Date:	December 6, 2023
From:	Charlie Bush, City Administrator
Subject:	Confirmation of Eulises Tovar as Information Technology Director

RECOMMENDED ACTION:

Staff recommends confirming Eulises Tovar as the City's next Information Technology Director and authorizing the Mayor to enter into an employment contract with Mr. Tovar.

ISSUE:

Should the City Council confirm Mayor Johnson's appointment of Eulises Tovar as Information Technology Director and authorize the Mayor to enter into an employment contract with Mr. Tovar?

BACKGROUND/SUMMARY INFORMATION:

The City's current Information Technology Director, Bill Chambers, is retiring after 16 years of service to the City at the end of January.

Bill recommended that the City's Information Technology Systems Analyst, Eulises Tovar, known by staff and the Council as Woody, be appointed to the position of Information Technology Director. Mayor Johnson and City Administrator Bush interviewed Woody on January 17th, 2023 and the Mayor offered him the position a few days later. Mr. Tovar accpeted the Mayor's offer and would become the City's next Information Technology Director on January 1, 2024.

Here is Bill's reasoning for his recommendation of Woody for the position:

"As you are likely aware, I will be retiring in January after serving sixteen years with the City of Sedro-Woolley, eight years with the City of Anacortes, and over seventeen years with the federal government. When we recruited to fill the IT Analyst position over two years ago, we had succession in mind while creating the job description and evaluating the applicants. We hired Woody based on his technical skills, project/people management experience, and leadership potential. My original plan was to continue working for a few more years before retiring. But after working with Woody on my team for only a year, it became clear that he had the knowledge, skills, abilities, and potential to step into the role of IT Director. Over the past year, Woody has proven his leadership ability by acting as chairperson of the Technology Advisory Group, by participating on the Senior Management Team and Senior Leadership Team, and by managing all aspects of the technology build out of our new Public Works and Wastewater Treatment facilities. He has honed his technical skills by attending professional conferences, technical training seminars, and working on additional certifications.When I announced my

retirement date to the mayor over a year ago, it came with my recommendation that Woody succeed me as IT Director. An organization our size with a department of only two employees requires a director with management/leadership ability, but also requires a working manager who is heavy on technical skills. I believe Woody has a great balance between the two and has the temperament to fill the role. Mayor Johnson agreed and extended the offer to Woody as a result.
Hiring internally for a succession like this has many advantages. These include a reduction in time to hire, a much shorter onboarding process, lower cost, and strengthens employee engagement. Promoting from within sends a message that you value your employees and want to invest in them. Our organization has successfully promoted from within on many occasions, including our Police Chief, Fire Chief, and leadership positions in our Public Works Department.

Woody has worked on projects that involve every employee in all city departments. As a result, he has earned the respect and support of our Senior Management Team, which includes Mayor Julia Johnson, City Administrator Charlie Bush, Finance Director Kelly Kohnken, Public Works Director Mark Freiberger, Police Chief Dan McIlraith, Fire Chief Frank Wagner, and Interim Community Development Director Hiller West. As a Sedro-Woolley homeowner and active community member, Woody is deeply invested in the success of our organization and the city as a whole."

The Mayor and City Administrator second and third Bill's recommendation, followed quickly by the rest of the City's Senior Management Team. Woody is also highly regarded by staff at all levels and within all the departments of the City. We know that Woody has the knowledge, skills, and abilities to do a great job for the organization, as he's demonstrated by his work over the past couple of years. He is ready for the next step, having filled in for Bill over long-stretches of this past year and through his contributions on the Senior Management Team during the same time period.

Staff are seeking a motion to confirm Mayor Johnson's appointment of Eulises Tovar (Woody) as the City's next Information Technology Director and to authorize the Mayor to enter into an employment agreement with Mr. Tovar.

A final draft of the employment agreement is attached, as is Woody's resume.

<u>FISCAL IMPACT, IF APPROPRIATE:</u>
No additional impact, the Information Technology Director position is in the 2024 budget.

<u>ATTACHMENTS:</u>
1. Eulises Tovar Resume
2. Employment Agreement IT Director

Eulises Tovar Cano

Sedro Woolley, WA 98284

Skills

- Customer service oriented
- Windows Server Setup/Troubleshooting/Administration
- Network Setup/Troubleshooting/Administration
- Troubleshooting servers, desktops, laptops, tablets
- OS supported: Mac, Windows Server 08-2019, Windows XP-10
- Office 365 Administration
- Experienced with DNS, DHCP, ADDS, WSUS, VPN, GPO, VLans, VoIP
- Backup/Disaster recovery

Experience

City Of Sedro-Woolley, Sedro-Woolley, WA

September , 2021 – Present

IT Systems Analyst – Updated server and network documentation to reflect the current & desired network topology. Implemented password manager for IT team collaboration. Troubleshot network and server communication issues. Upgraded core network infrastructure to increase system access/availability and throughput. Assisted end users and executive employees/members with computer/network issues. Managed domains & DNS records (internal and external). Updated public facing website and social media. Implemented and enforced security & other policies via GPOs. Repaired/replaced hardware for servers, laptops, desktops, and mobile devices. Worked with department heads and managers to streamline user's computer experience. Automated task using PowerShell and Bash scripts. Worked with team leads to procure equipment that meets current and future needs. Implemented network security best practices. Documented procedures for in-house solutions. Acted as IT Director while director was on vacation.

North Sound ACH, Bellingham, WA

April 2021 – September 2021

Network Technician – Reconfigured computer systems/network to meet HIPAA compliance by implementing procedures to audit computer/network access/traffic and by segmenting the network and blocking communication between VLans. Trained users on new software to address weak points in team communication. Provided end users support both in person and remotely (phone/screen sharing). Implemented a ticketing system integrating the project management software. Researched and procured a MDM solution to manage the MacOS environment. Configured policies with the MDM software to force adherence to the computer/security policies. Implemented asset tracking. Documented network topology, credentials, and critical infrastructure.

Multiple Counties, WA

March 2020 – April 2021

IT Consultant- Assisted various companies in Skagit, Snohomish, and King County. Troubleshot and installed network equipment to increase network bandwidth. Resolved DNS and routing issues for remote users. Conducted security audits on wireless networks. Deployed new workstations and VoIP system after connection buildings via P2MP wireless bridges. Backed up & documented configuration information and updated network maps. Participated in call center tech support, assisting in remote software/workstation setup, guided user through general use of company equipment.

Teema Group, Coupeville, WA

Dec. 2019 – March 2020

Project assistance- Assisted IT team with Windows 10 upgrade/deployment. Assisted with Printer deployment/upgrades. Reviewed current network and AD setup to streamline workflow (Fixed VLan issues, GPO deployment, AD OU structure). Automated tasks with PowerShell scripts. Assisted with day-to-day tickets. Updated documentation.

Interpreting Technology, Burlington, WA

Dec. 2015 – Dec. 2019

Tier 2 Tech/Project Lead – Supplied support for Tier 1 techs. Trained techs on hardware/software used by company and provided guidance in escalated issues. Traveled to client's location to address computer/network issues. Troubleshot issues with network equipment, Windows Server 08-16, Windows 7 - 10. Updated information with domain registrars, applied SSL certs and modified DNS records. Configured and implemented network equipment such as routers/firewalls, APs, switches, printers, scanners, and Ethernet runs. Configured networks with VLans, VPN client access, Site-to-Site VPN, RDP access and open ports for locally hosted services. Implemented security policies. Worked with end users to find and resolve technical issues. Properly documented information for each client/site. Worked and coordinated with a team to tackle major projects and issues. Setup maintained and monitored servers/networks; full stack deployments, swing/cut over migrations. Assisted with disaster recovery, fire/water damage, and Crypto Lock. Documented and updated documentation for all sites we managed; network credentials, network devices, LAN topology, software agreements/licensing, scripts, critical infrastructure. Automated work using PowerShell, GPOs, bash/shell scripts.

Skagit Valley College, Mount Vernon, WA

May 2015 – June 2015

IT Help Desk Intern – Assisted staff and students with tech issues such as troubleshooting printers and network connection. Tended to service calls in a timely manner. Assisted with writing SOPs. Removed and installed multiple computer labs. Imaged systems based on departments. Helped other IT members when needed.

Education

Bellingham Technical College, AAS-T Computer Networking & Computer Network Support Certificate

September 2013 – June 2015

- Learned to navigate Linux terminal.
- Configured Windows Server 2012 R2 (ADDC, WSUS, GPO, etc.)
- Studied Windows PowerShell, Windows & Linux servers, Network security, Python programming language, and Computer Ethics.
- Installed/terminated physical network layout. Studied other forms of network connections (Wi-Fi, fiber, radio).
- Covered a wide spectrum of "IT" related material.

Certifications

Ubiquiti Enterprise Wireless Admin
Comptia Network + ce (verification code: 5093E1GRL1VE1WSF)

EMPLOYMENT AGREEMENT

THIS AGREEMENT, made and entered into this 25th day of May, 2023, by and between the City of Sedro-Woolley, State of Washington, a municipal corporation, hereinafter called "Employer", and Eulises Tovar Cano, hereinafter called "Employee", both of whom covenant and agree as follows:

WITNESSETH:

WHEREAS, Employer desires to employ the services of said Employee as Information Technology Director of the City of Sedro-Woolley; and

WHEREAS, it is the desire of the employer to provide certain benefits, establish certain conditions of employment and to set working conditions of said Employee; and

WHEREAS, it is the desire of the employer to (1) secure and retain the services of Employee and to provide inducement for him to remain in such employment, (2) to make possible full work productivity by assuring Employee's morale and peace of mind with respect to future security, (3) to provide a just means for terminating Employee’s services at such time as he may be unable to fully discharge his duties due to disability or when Employer may otherwise desire to terminate his employ; and

WHEREAS, Employee desires to be employed as Information Technology Director of the City of Sedro-Woolley:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1. Duties

Employer hereby agrees to employ said Employee as Information Technology Director of said Employer to perform the functions and duties of said office as specified by law, and to perform other legally permissible and proper duties and functions as the Employer shall from time to time assign. A job description is attached hereto and incorporated by reference as Exhibit A.

Section 2. Term

A. The Employee serves at the pleasure of the Mayor. Nothing in this agreement shall prevent, limit or otherwise interfere with the right of the Employer to terminate the services of Employee at any time, subject only to the provisions set forth in Section 4 of this agreement.

B. Nothing in this agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from his position with Employer, subject only to the provision set forth in Section 4 of this agreement.

Section 3. Suspension

Employer may suspend the employee with full pay and benefits at any time during the term of this agreement.

Section 4. Termination and Severance Pay

A. In the event Employee is terminated by the Employer before expiration of the aforesaid term of employment during such time that employee is willing and able to perform his duties under this agreement, then the Employer agrees to pay Employee a lump sum cash payment equal to three (3) month's aggregate salary & health insurance; provided, however, that in the event Employee is terminated for just cause, or because of his conviction of any illegal act involving personal gain to him, that the Employer shall have no obligation to pay the aggregate severance sum designed in this paragraph. ("Just cause" shall include all matters that constitute grounds for disciplinary action as set forth in any personal policy manual of the Employer as now existing or hereinafter amended. The provisions of any personnel policy or other written or unwritten custom or policy regarding termination shall not apply to the Employee, except for purposes of defining "just cause".)

B. In the event employer at any time during the term of this agreement reduces the salary or other financial benefits of Employee in a greater percentage than an applicable across-the-board reduction for all department head Employees of employer, or in the event Employer refuses, following written notice, to comply with any other provisions benefiting Employee herein then the employee may, at his option, be deemed to be terminated at the date of such reduction or such refusal to comply with the meaning and context of the severance pay provisions, as his sole and exclusive remedy for such action.

C. In the event Employee voluntarily resigns his position with Employer before expiration of the aforesaid term of his employment, then Employee shall give Employer thirty (30) days written notice in advance, unless the parties otherwise agree.

D. The severance package provided in subparagraph 4.A. above shall not be construed as an extension of the Employee employment beyond the termination date. The Employee shall not during the period between the termination date and the end of the severance payments accrue any additional sick leave vacation leave or other benefit accorded active City employees.

Section 5. Salary

Employer agrees to pay Employee for his services rendered pursuant hereto a base salary of $8,521.25 per month in the 2023 scale for Information Technology Director, to be adjusted accordingly for 2024, payable in installments at the same time as other Employees of the Employer are paid. Employee will advance through the salary scale for his position at a rate consistent with other non-represented employees.

Said salary shall cease upon termination of employment as provided in this agreement. In addition, the rate of pay and benefits may be adjusted annually equal to the cost of living and/or cost of market increase given to other nonunion management employees. Employer shall not at any time during the term of this agreement reduce the salary compensation or other financial benefits of Employee, except to the degree of such reduction across-the-board for all department head employees of the Employer. At any time during the term of the Agreement, Employer may, in its discretion, review and adjust the salary of the Employee. Adjustments in salary or benefits, if any, shall be made pursuant to a lawful governing body action.

Section 6. Performance Evaluation

The Employer shall review and evaluate the performance of the Employee at least once annually. The employer shall provide the Employee with a summary written statement of the findings of the Employer and provide an adequate opportunity for the Employee to discuss his evaluation with the Employer.

Section 7. Hours of Work

The parties agree that this position is a professional exempt position, and that payment is based on a monthly salary, and not on an hourly rate of compensation. It is recognized that Employee must devote a great deal of time outside the normal office hours of business of the Employer. The Employee shall not receive additional compensation or compensatory time for such work. Upon approval of the Mayor, Employee may work a non-traditional workweek, such as a 4/10 schedule.

Section 8. Outside Activities

The employment provided for by this Agreement shall be the Employee's primary employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the Employer and the community, the Employee may, subject to the approval of the Mayor, elect to accept limited teaching, consulting or other business opportunities with the understanding that such arrangements must neither constitute interference with nor a conflict of interest with his or her responsibilities under this Agreement.

Section 9. Automobile

For travel beyond the City limits, Employer shall provide Employee either the use of a City automobile for City purposes, or alternatively, compensation on a "per mile" basis for use of Employee's vehicle by Employee for City purposes at the same rate as applicable to other management employees of Employer.

Section 10. Vacation, Sick, Executive, and Military Leave

Employee shall accrue vacation at a rate of 5.00 hours per pay period (semi-monthly). Employee will gradually advance their rate of vacation accruals according to the schedule for non-represented employees. Sick leave will accrue and have credited to his personal account at the same rate as other management employees of the Employer. Employee will receive Executive Leave according to City policy (current amount is 80 hours per year to be used in that year).

Section 11. Health Insurance

A. Employer agrees to provide policies of medical insurance covering Employee and his dependents that are required by law or provided to all other management employees of Employer and their dependents.

B. The Employee agrees to abide by the Employer's policy regarding drug testing.

Section 12. Retirement

Employer agrees to provide retirement benefits for Employee as provided by law.

Section 13. Dues and Subscription

Employer agrees to budget and to pay for the professional dues and subscriptions of Employee necessary for his continuation and full participation in associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and for the good of the employer. These expenses shall be subject to prior approval of the Employer.

Section 14. Professional Development

Employer agrees to budget and to pay for the travel and subsistence expenses of Employee for short courses, institutes and seminars that are necessary for his professional development and for the good of the Employer. These expenses shall be subject to prior approval of the Employer.

Section 15. Indemnification

Employer shall defend, save harmless and indemnify Employee against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the good faith performance of Employee's duties as Information Technology Director, except as may be caused by the intentional misconduct or criminal action of Employee. Employer will defend, compromise and settle any such claim or suit and pay the amount of any settlement of judgment rendered thereon.

Section 16. Other Terms and Conditions of Employment

A. The Employer shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this agreement, the City ordinance or any other law.

B. All ordinances, regulations and rules of the Employer relating to vacation and such leave, holidays and other fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to Employee, except as herein provided.

Section 17. Notices

Notices pursuant to this agreement may be provided electronically or by deposit in the custody of the United States Postal Service, postage prepaid, addressed to the last known address of the parties hereto. Alternatively, notices required pursuant to this agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service.

Section 18. General Provisions

A. Integration. This Agreement sets forth and establishes the entire understanding between the Employer and the Employee relating to the employment of the Employee by the Employer. Any prior discussions or representations by or between the Employer and Employee are merged into and rendered null and void by this Agreement. The Employer and Employee by mutual written agreement may amend any provision of this agreement during the life of the agreement. Such amendments shall be incorporated and made a part of this agreement

B. Binding Effect. This Agreement shall be binding on the Employer and the Employee as well as their heirs, assigns, executors, personal representatives and successors in interest

C. Effective Date. This Agreement shall become effective on January 1, 2024

D. Severability. The invalidity or partial invalidity of any portion of this Agreement will not affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the remaining provisions shall be deemed to be in full force and effect as if they have been executed by both Employer and Employee subsequent to the expungement or judicial modification of the invalid provision.

E. Precedence. In the event of any conflict between the terms, conditions and provisions of this Agreement and the provisions of Council's policies, or Employer's ordinance or Employer's rules and regulations, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Agreement shall take precedence over contrary provisions of Council's policies, or Employer's ordinances, or Employer's rules and regulations or any such permissive law drying the term of this Agreement

F. Amendments. This agreement may be amended at any time by mutual agreement of the Employer and the Employee. Any amendments are to be negotiated, and be in accordance with the provisions of the Sedro-Woolley Municipal Code. This Agreement may only be amended in writing.

G. The text herein shall constitute the entire agreement between the parties.

IN WITNESS WHEREOF, the City of Sedro-Woolley has caused this agreement to be signed and executed in its behalf by its Mayor, and duly attested by its City Clerk, and the Employee has signed and executed this agreement, both in duplicate, the day and year first above written.

CITY OF SEDRO-WOOLLEY EMPLOYEE

By: ____________________ ____________________

Julia Johnson, Mayor Eulises Tovar Cano

Attest:

____

Kelly Kohnken, Finance Director

Approved as to Form:

____

Nikki Thompson, City Attorney

Exhibit A:

CITY OF SEDRO-WOOLLEY
JOB DESCRIPTION

Position Title: **Director of Information Technology**
Department: Information Technology Department
Classification: Exempt
Salary Range: $97,386 to $138,042
Date: January 25, 2023

POSITION SUMMARY:
This position directs, manages, supervises, and coordinates the activities and operations of the Information Technology Department which is responsible for managing, administering, or overseeing the information technology function, including all data and telecommunication systems. The position reports directly to the City Administrator.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
Other duties may be assigned as needed.

1. Develops and maintains a long-range, citywide strategic plan for information technology services; establishes, implements, maintains, and communicates information technology policies, standards, and procedures consistent with the strategic plan.
2. Manages, supervises, and coordinates the planning, design, development, and implementation of the City's information technology plan, including architectural design, systems applications, and user support services.
3. Develops and recommends goals and objectives for the information technology function to ensure compliance with City Council policy directives, departmental goals, and objectives, and applicable local, state, or federal laws, rules and regulations; develops, recommends and implements operating policies, procedures and programs to accomplish goals and objectives.
4. Plans, coordinates and evaluates the activities, programs and services of the department and between the department and other departments to ensure the effective and efficient delivery of information technology services to systems users and compatibility among various information technology systems; ensures user communications and involvement in the information technology planning and requirements development process; and consults with departments in conducting needs assessments and developing recommendations and cost projections for technology acquisitions or major enhancements.
5. Selects, trains, motivates, and evaluates department's personnel; provides or coordinates staff training; works with employees to correct deficiencies; implements discipline and termination procedures.
6. Develops, recommends, and manages the department's annual budget; ensures that all funds, physical assets, and other property are appropriately safeguarded and administered.
7. Develops, maintains, and implements network security, business continuity and disaster recovery plans and related activities for information technology operations.
8. Manages major information technology projects, including software or hardware improvements, deployment of complex systems, and replacement of existing systems.
9. Manages relationships with vendors and consultants in the development and implementation of new hardware and software systems and products, including developing requests for

proposals and overseeing development of specifications for procurement of equipment and systems.

10. Develops, implements, and maintains in-house training program for software applications.
11. Performs network account management, assists departments in file management and performs capacity planning.

KNOWLEDGE, SKILLS, AND ABILITIES:
To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Knowledge of:

- Principles and practices of information systems and resource management in a LAN/WAN environment, including Internet and e-commerce technologies, trends, and capabilities in a public sector environment.
- Networking architecture, management theory, methodologies, protocols, and techniques, configuration, and implementation.
- Operational characteristics of data, voice, and wired/wireless information technology equipment, peripherals, and various platforms.
- Programming languages and techniques and relational database design and maintenance.
- Principles and practices of project management related to information technology services.
- Principles and practices of effective management.
- Principles and practices of municipal budgeting.
- Municipal operations and services.
- Software license terms and conditions.
- Network security systems and methods including firewall management and support.

Ability to:

- Research, analyze, and evaluate new technologies and service delivery methods, procedures, and techniques, do cost-benefit analyses, and determine the feasibility of integration with the city's existing and planned systems.
- Plan, manage, oversee, and implement multi-faceted, complex, multi-phase information technology projects.
- Build and manage a team of employees, including excellent interpersonal skills for establishing and maintaining effective working relationships with internal and external contacts.
- Analyze problems, identify alternative solutions, project consequences of proposed actions, and implement recommendations in support of goals.
- Provide excellent customer service to clients.
- Communicate effectively, orally and in writing, and prepare and present technology related information to a variety of audiences of differing technological expertise.
- Assess software training needs and establish and maintain an effective training program.
- Understand and negotiate contracts with vendors for software or hardware systems, inclusive of licensing, professional services, and service contracts.
- Automate patch management and software installation of standard applications.

QUALIFICATIONS:

A combination of the experience, education, and training listed below which provides an equivalent background to perform the work of this position.

Experience:
Five years of progressively responsible experience in the management of information systems and operating services. At least two years of experience supervising computer or information technology functions and operations is preferred. Experience in MS Windows Network Operating Systems and environments and supporting some specialized software applications, such as collaboration suites, municipal financial systems or municipal utility or permitting system is desirable.

Education and Training:
Bachelor of Science degree in computer science, information technology or a related field is preferred, or a combination of technology training, certification, and relevant work experience.

Licenses or Certificates:

- Possession of or ability to possess within six months of hire date, a Washington State Driver's license.
- Must be bondable.

PHYSICAL DEMANDS / WORKING CONDITIONS:
The physical demands and characteristics of the work environment described here are representative of those occurring in the performance of the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the essential functions of this job, the employee is frequently required to stand; walk; sit; use hands to finger, handle, or feel objects, tools, or controls; and talk or hear. The employee is occasionally required to reach with hands and arms and stoop, kneel, crouch, or crawl. The employee may occasionally lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception, and the ability to adjust focus. While performing the duties of this job, the employee is occasionally exposed to toxic or caustic chemicals, i.e. copier toner.

This position works in an office, and the noise level in the work environment is usually low to moderate.

This position description generally describes the principal functions of the position and the level of knowledge and skills typically required. It does not constitute an employment agreement between the employer and employee, and it is subject to change as the needs of the employer and the requirements of the job change.

City Council Agenda Item

Agenda Item No.: f.2.

Date: December 6, 2023

From: Charlie Bush, City Administrator

Subject: Economic Development Strategy

RECOMMENDED ACTION:
Discussion only, no recommended action.

ISSUE:
Does the City Council have feedback regarding the currently drafted economic development strategy and where should it go next?

BACKGROUND/SUMMARY INFORMATION:
The City Council's Planning and Business Development Committee spent several meetings this past year developing an economic development strategy. The strategy fits under the City's Departmental Operating Plans under the City Council's "Improve the City's Economy" goal. Through the course of developing the plan, the Committee interviewed a focus group of businesses, at the City Council's request from their goal-setting sessions. The Committee also interviewed economic development partners, including the Sedro-Woolley Chamber, Port of Skagit, and Economic Development Alliance of Skagit County (EDASC).

The strategy was initially intended to guide the City Council's American Rescue Plan Act (ARPA) investments and may still serve that role. In addition, if economic development remains a priority for the City, it will be beneficial for future budget prioritization and as a document that can help guide the soon to be reviewed Economic Element of the City's Comprehensive Plan.

Staff are seeking feedback from the whole Council before doing any further work on the plan. Staff ultimately recommends that the Council adopt a plan that better focuses the City's economic development efforts and investments.

FISCAL IMPACT, IF APPROPRIATE:
N/A

ATTACHMENTS:
1. Draft Sedro-Woolley Economic Development Action Plan Version 4.0

Sedro-Woolley Economic Development Action Plan (Draft)

Priority #1: Provide business-friendly permitting

- Invest in Planning & Building staffing to better support business permitting
- Establish permitting benchmarks for commercial permits and track progress
- Invest in Lean/Six Sigma process improvement processes to increase permitting system efficiency
- Improve the City's Code to allow for more efficient and simplified permit processes, including more up front design review
- Evaluate fees

Priority #1: Support housing development to provide a larger local workforce and to further support local retail

- Evaluate the housing types needed to have the largest benefit on the Sedro-Woolley economy through the 2023-25 Comprehensive Plan Update
- Implement strategies and incentives to support housing types desired

Priority #2: Focus on public Downtown Improvements

- Lighting
- Painting
- Wiring for festivals
- Lights for festivals – consider lights hanging across Metcalf
- Alleys
- Sidewalks
- More trash cans downtown (on Metcalf) with better designs
- Planters
- Murals
- Parklets
- Address Parking – consider parking regulations, supply
- AED signs
- Support updates to key buildings (ex. Woolley Market)
- Partner with BNSF on public use of their right of way (ex. mobile art walk)
- Develop a Downtown concert venue

Priority #2: Improve the State Route 20 and State Route 9 Corridors

- Partner with the new owners of Skagit Industrial Park, Sedron Industries, to leverage Sedron's investment in the park to accent and benefit Downtown Sedro-Woolley and the State Route 20/9 corridor
    - Improve the State Route 20/9 appearance of the park
    - Explore improved connectivity of the park to the rest of the City
    - Evaluate Downtown improvements that may compliment the park and elements of the park that may be able to compliment Downtown and the State Route 20/9 corridor
- Develop an archway to cover the railroad trestle and point tourists to Downtown

- Work to get Ferry Street properties improved on the entry to Downtown from Highway 9, perhaps some funds could be used for environmental studies, as needed, in this area
- Improve the appearance of fencing
- Improve directional signage
- Improve the appearance of roundabouts

Priority #2: Improve the Cleanliness and Visual Appearance of Commercial Areas, including Downtown

- Invest in additional Public Works staff or partnerships to enhance the cleanliness of commercial areas in Sedro-Woolley

Priority #2: Engage in creative placemaking – support the creation of experiences and places that are unique for visitors to and residents of Sedro-Woolley

- Focus on making Sedro-Woolley more fun and interesting
- Support public art with the support of the Arts Commission
- Invest in trails and parks and connect them
- Evaluate streetscapes and landscaping
- Create a more dog-friendly city - evaluate dog park expansion and the development of additional dog parks
- Capitalize on small-town Americana strengths by supporting and promoting experiences and services that people want
- Develop small parks – ex. the lot by Tricky Busiu could be used for a park and parking if received from BNSF
- Possible food truck pads at our parks (especially Olmsted and Memorial)

Priority #2: Do further work with economic development partners to provide additional help and technical assistance for online commerce and other technical business support services

- Offer resources and referrals to partners from within the Planning & Building Department
- Partner with the Chamber to promote shopping local and to celebrate local businesses, especially manufacturing and retail
- Partner with organizations like RAIN Catalysts, the Small Business Development Center, the Center for Inclusive Entrepreneurship, and the Economic Development Alliance of Skagit County (EDASC) to provide services for Sedro-Woolley businesses. Consider providing space to one or several from which to deliver services more locally here.

Priority #2: Support infill commercial and housing development

- Evaluate options/opportunities and identify barriers during the 2023-2025 Comprehensive Plan update
    - Focus on site readiness and removing obstacles

Priority #2: Continue to partner regionally to benefit the regional economy, which will benefit the Sedro-Woolley Economy

- Leverage collective strengths in Skagit Valley and care out our area of that – possible focus on food. Leverage valley value-added agriculture as the theme

- Use the 2023-25 Comprehensive Plan Update to become clearer on what industry clusters the City wants to recruit and grow to help diversify its economy

Priority #2: Continue to Partner with the Port of Skagit and Skagit County on the Continued Redevelopment of the SWIFT Center

- Support business incubator space at the SWIFT Center, particularly the NWIRC proposal
- Support the theme of community wellness, recreation, tourism, and hospitality at the SWIFT Center
- Help support the $45 million needed to renovate SWIFT Center buildings
- Destination music in the park in the shorter term could be a benefit to the community
- Develop meeting space
- Develop Olmsted Park

Priority #2: Support Enhanced Tourism

- Become the Basecamp of the North Cascades, leveraging outdoor recreation
    - Partner with the North Cascades Institute, North Cascades National Park, the Pacific Northwest Trail Association, local wilderness guides, and other recreation-based organizations and businesses
- Tap into the City's history by working more formally with the Sedro-Woolley Museum and other history-focused organizations
- Promote and develop sports tournaments and events through partnerships
- Work with hotel operators to consider developing in Sedro-Woolley
- Evaluate vacation policies related to vacation rentals if hotel development does not materialize
- Leverage lodging tax funding to fuel more tourism
- Develop marketing videos
- Develop a parks and trails map
- Evaluate cycling infrastructure and services, recruit a bike shop and other key services
- Cultivate and sustain a more open and welcoming atmosphere

Priority #2: Citywide Public Infrastructure Development

- Continue to fund and build projects to support growth. Review impact fees and project funding to make sure there is financial support for the planned projects.
- Plant beautiful trees that don't heave sidewalks
- Repair sidewalks

Priority #3: Workforce Development

- Encourage Sedro-Woolley School District and EDASC to develop a Sedro-Woolley Workforce Development Action Team
- Evaluate opportunities for youth to get into apprenticeships, build partnerships with schools
- Work with the Port to evaluate possible education uses of SWIFT Center
- Help Sedro-Woolley School District connect students with businesses
- Work with Job Corps and Skagit Valley College
- Engage CTE programs (career technical education)
- Have more of a trades-focus locally

City Council Agenda Item

Agenda Item No.: f.3.

Date: December 6, 2023

From: Charlie Bush, City Administrator

Subject: Archway Proposal

RECOMMENDED ACTION:

Discussion only, no recommended action.

ISSUE:

Should the City proceed with work on the Archway Project and, if so, what is the best way to progress the project?

BACKGROUND/SUMMARY INFORMATION:

Please see the attached email and Archway Proposal document for background.

We encourage the Council to consider staff capacity, or re-prioritization of the City's current capital plan to create staff capacity, in its discussion on this topic. Staff capacity currently does not exist to move this project quickly. The City will have 2/3 of its engineering staff (Public Works Director and City Engineer) retire in the coming year, with unknown, but possibly lengthy, vacancies for each position. Staff will be available for this discussion to talk through scenarios with Council.

Questions for the City Council for this discussion include:

- Do you want to move forward with the Archway Project?
- What priority do you want to give it?
- If needed, depending upon the priority given, what are you willing to delay or defer to meet that level of prioritization?
- Where should the project go next?

FISCAL IMPACT, IF APPROPRIATE:

To be determined

ATTACHMENTS:

1. Email from Council member Lavacca
2. Archway Proposal 2023

Charlie Bush

From: Nick Lavacca
Sent: Monday, October 23, 2023 6:48 PM
To: Charlie Bush; Julia Johnson
Cc: Joe Burns; Brendan McGoffin
Subject: Sedro-Woolley Archway Project
Attachments: Archway Proposal 2023.docx

Charlie,

I would like to thank Joe and Brendan for your support on this project and I would like to submit this to the Council for support to move forward.

I was working with Mark on the ground layout and approval from BSNF if we were to build in the easement but he had not mentioned that we should move it to the council so it stalled out. Thanks for clarifying the process, I should have researched that further on the committee but for some reason, I thought that when it got voted in it was automatically added to the packet.

Time has passed and I would need to get in touch with the individuals who said they wanted to support this but I would like Council Support to ensure it does not go to the wayside.
I had reached out to Mayor Miller and he said he would have a hard time getting the cost for the Archway but I believe if it was a city-backed project we should be able to get the cost for the Archway in Anacortes since it should be public records.

I think the biggest thing is to know we can move forward and then get an idea of what the final design should look like from the Council along with adding in good suggestions from those who support it.

Would this be something we could discuss at a Work Shop and could we invite Morgan to the Work Shop to take notes?

Nick Lavacca
Councilman At Large
360-298-6543
nlavacca@Sedro-Woolley.gov

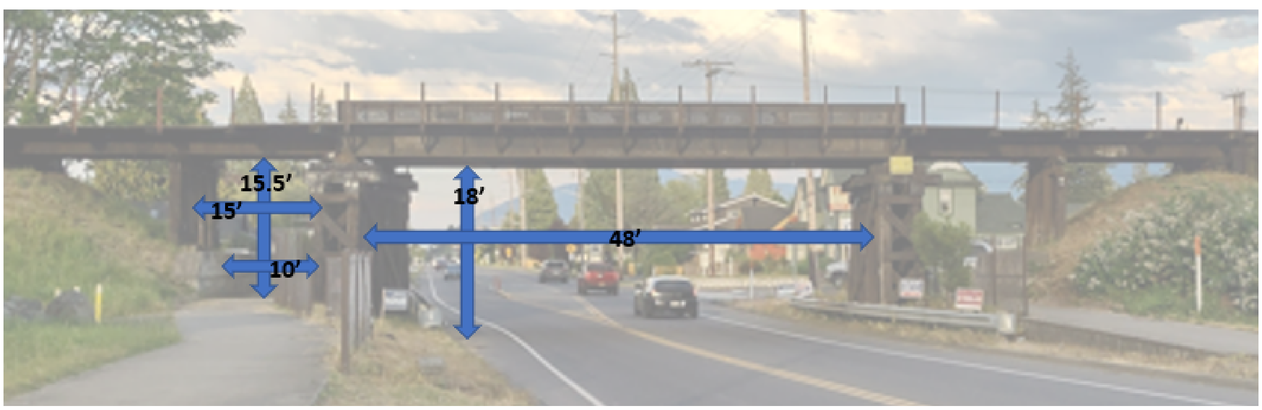
Sedro-Woolley Archway Project

Dear Sedro-Woolley Council,

It has been a honor to be elected to the Sedro-Woolley City Council and appointed as the Chair of the Parks and Recreation Committee in 2022.

There has been great interest in improving areas around our city for residents and visitors to better enjoy.

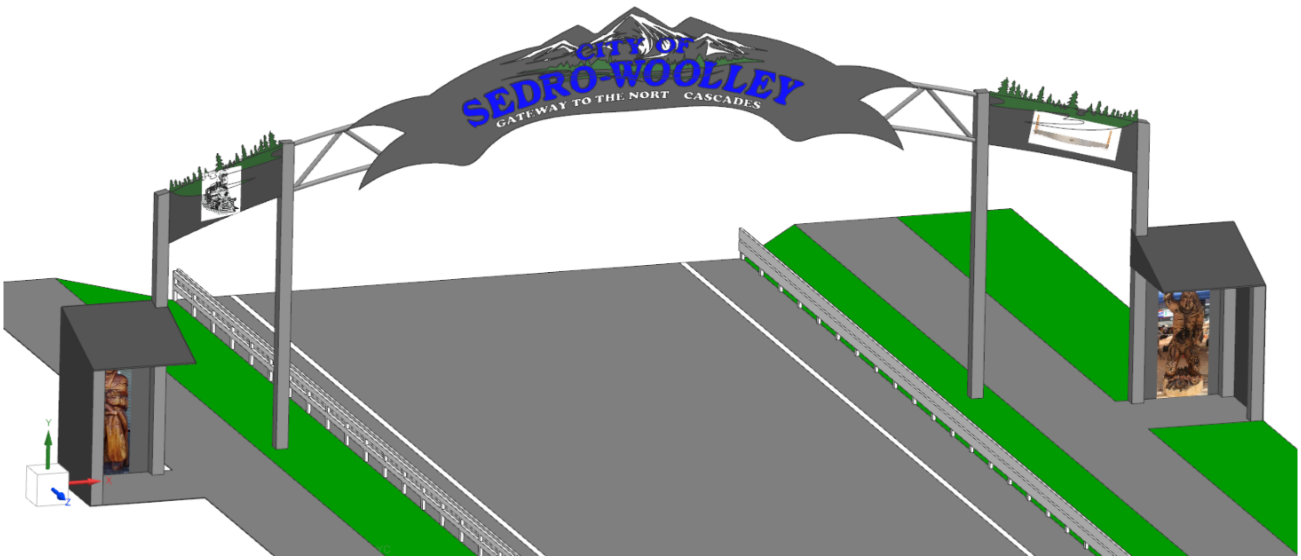
One of the areas that I hope to help improve is the railroad overpass at Hwy20 and Metcalf.



I was told that many have attempted but so far, it remains undone. Seems like we have an opportunity to overcome the challenge we currently have by building an arch about 25’ from either side of the tracks.

I feel with this team in place that we can serve our community. We have an opportunity to do something awesome that also brings our town together even more. I have been working with Morgan Benson a Senior Design Engineer to develop a model that will allow me to start campaigning on raising interest and support.

The goal was to create a concept of a Triple Archway that would go over the sidewalks as well as cover up most of the visible train tracks across the road on both the East and West side.



From this, I was able to make some key proposals to garner support. I consulted with Mark Freiberger, Director of Public Works to find out the feasibility of placement with regards to storm drains and cable lines. We went over the drawings and walked the areas to see and feel; it could work.

We will need to get permission from BNSF to build with their easement, but it sounds promising. If we are not able to build within the easement it would be possible to

I spoke with community leaders and residence and they liked the idea. I brought it before the Parks and Recreation Committee and the Mayor and received their blessing to continue to move forward. Morgan was able to get support from Pacific Woodtech with a commitment to helping with supplies and some funding.

As people offer support, they also present ideas or suggested modifications that we have been incorporating.

I will be reaching out to our Chamber of Commerce as well as other local businesses for support as well as this can greatly impact the First Impression our comminty receives from travels and it would make our own travels home and away a bit more enjoyable.

This is the beginning stages; the drawings are basic concepts but provide an idea of what we are aiming for.

I expect this to run in the range of $70k-$80k for each side based on rough estimates I have heard. For a better estimate, I feel we could reach out to Destination Downtown Anacortes (DDA) Arch Committee as they handled the funding for the one in Anacortes.

The benefits besides the beauty we have been missing in that area for some time is that we would be able to share in an Art Exchange as well as to be able to place banners on the side Acrhes for comminty events that are taking place.

The hope is that we will make the sign layers with the Mountains and soft soal lights to illuminate during evening passings. Also to leave room for deign modification by the council and those who help contribute or have really good ideas.

Sincerely,

Nick Lavacca
Councilman At Large
360-298-6543
nlavacca@Sedro-Woolley.gov