

CITY OF NORTH BEND
CITY COUNCIL WORKSTUDY NOTES
May 27, 2025
City Hall, 920 SE Cedar Falls Way, North Bend, WA

Mayor Pro Tem Joselyn called the meeting to order at 7:00 p.m.

Councilmembers Present: Brenden Elwood, Alan Gothelf, Mark Joselyn, Heather Koellen, Christina Rustik, Suzan Torguson and Errol Tremolada.

Staff Present: Mayor Mary Miller, Interim City Administrator Bob Larson, Community & Economic Development Director James Henderson, Finance Director Martin Chaw, Administrative Services Director Lisa Escobar, Deputy Public Works Director Tom Mohr, Deputy Finance Director Elaine Morse, Planning Manager Mike McCarty, Communications Manager Bre Keveren, Human Resource Manager and Emergency Management Coordinator Erin DeBerg, IT Manager Phillip Davenport, Deputy City Clerk Jennifer Bourlin.

Fiscal Sustainability – Downtown Retail & City Branding

Finance Director Chaw provided a presentation regarding an updated financial forecast that included an updated cost of police services and 2025-2030 financial forecast. Regarding the 2027-2028 budget planning, he provided several options for closing funding gaps including instituting a hiring freeze and freeze on non-essential spending. Councilmanic one time revenue options included utilizing the General Fund reserves, drawing down the fund balance to minimum reserves or borrow from another fund that would need to be repaid within 3 years with prevailing interest. Mr. Chaw then reviewed levy lid lift assumptions that needed to be approved by voters in the 2026 General Election, a multi-year levy lid lift to exceed the 1.0% statutory limit (five years with 5.0% levy limit factor). Mr. Chaw reviewed a handout with detailed existing and remaining revenue options available.

Community & Economic Development Director James Henderson continued the presentation and reviewed the City's economic development strategy and goals as follows:

- Economic Development Goals:
 - Healthy, Thriving Businesses
 - Fiscal Sustainability
 - Housing Opportunities
 - Leverage Tourism, Arts & Recreation
 - Increase Walkability
- Economic Development Strategy
 - Strengthen & Diversify Economic Base
 - Increase & Diversify Housing
 - Invest in Infrastructure

- Make North Bend a Desirable Place to do Business

Mr. Henderson reviewed local and national risk assessments including Washington State budget shortfalls, unemployment rate and non-farm employment decrease. He stated United States tariffs on imports were at historically high-levels and the International Monetary Fund downgraded it's global growth forecast for 2025 from 3.3% to 2.8%. At the locally City level there are concerns about falling retail sales as tariffs take hold, stubborn vacancies in downtown, Outlet Mall, and Mountain Valley Center in addition to a stagnated housing market in 2024 that resulted in a reduction of permit fees and impact fees to the City. Mr. Henderson then reviewed economic development opportunities along West North Bend Way, East North Bend Way and within the Urban Growth Area including long-term net fiscal impact per capita and impact fee and general facility charge revenue. He also discussed redevelopment sites at Interstate 90 Exit 31 and downtown core on North Bend Way from the 300 block of W North Bend Way to 600 block of E North Bend Way.

Ordinance Amending Residential Impact Fees

Planning Manager Mr. McCarty explained that in 2023, State Legislature passed SB5258 that required cities to scale residential impact fees by June 30, 2025, requiring cities to scale their impact fees for residential construction based on either square footage, number of bedrooms, or vehicle trips generated; examples included condominiums, townhomes, and apartments to make housing more attainable and address housing affordability in Washington State.

Mr. McCarty explained that the City contracted with FCS Group to determine how the City's park and transportation impact fees and bicycle and pedestrian mitigation fees should be scaled to comply. The FCS study scaled impact fees based on residential square footage as it was part of submission requirements for a building permit and is simpler to determine then counting bedrooms or estimating number of generated trips by a new residence. Mr. McCarty concluded by reviewing current impact fees, the scaled impact fee and the difference. The scaled fee structure met the intent of the State because it provides proportionally lower impact fees for smaller residential units. Mr. McCarty stated that this item will be on the main agenda at the June 3, 2025 City Council Meeting.

Interim City Administrator Contract Extension

Administrative Services Director Lisa Escobar explained the reasoning behind extending Interim City Administrator Robert Larson's contract and answered clarifying questions. Ms. Escobar stated that this item will be on the main agenda at the June 3, 2025 City Council Meeting.

Mayor Pro Tem Joselyn recessed the meeting for an Executive Session at 8:36 p.m. to evaluate the qualifications of an applicant for public employment or to review the performance of a public employee (However, subject to RCW 42.30.140(4), discussion by

a governing body of salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, and when a governing body elects to take final action hiring, setting the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in a meeting open to the public), pursuant to RCW 42.30.110(1)(g) and RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

No action was anticipated as a result of the Executive Session, which was expected to last thirty minutes and recording of the meeting ceased.

At 9:06 p.m. it was announced to audience members outside the adjournment room that the Executive Session was expected to last an additional thirty minutes.

At 9:36 p.m. it was announced to audience members outside the adjournment room that the Executive Session was expected to last an additional thirty minutes.

At 10:06 p.m. it was announced to audience members outside the adjournment room that the Executive Session was expected to last an additional ten minutes.

At 10:16 p.m. it was announced to audience members outside the adjournment room that the Executive Session was expected to last an additional ten minutes.

The Workstudy was reconvened at 10:27 p.m.

Adjournment

The Workstudy closed at 10:27 p.m.

ATTEST:

Mark Joselyn, Mayor Pro Tem

Jennifer Bourlin, Deputy City Clerk