

Mayor Paul Helenberg called the special meeting of the Castle Rock City Council to order at 7:00 p.m. followed by the Pledge of Allegiance. The following councilmembers were present: Ray Teter, Glenn Pingree, Earl Queen, and Ellen Rose. Councilmember Davis was absent.

Also present: City Attorney Frank Randolph, Public Works Director Dave Vorse, Clerk-Treasurer Ryana Covington and Public Works Secretary Barbara Roller.

The purpose of the meeting - to discuss the upcoming ballot measure entitled; City of Castle Rock Proposition 1 Sales and Use Tax For Transportation Improvements. In accordance with RCW 42.52.180 the intent of this meeting is to provide an opportunity for members of the legislative body and members of the public to be afforded an equal opportunity to provide information or express views either for or against Proposition 1.

Mayor Helenberg encouraged attendees to speak both for or against Proposition 1. He stated everyone is entitled to their fair opinion and they would like to hear both views.

Public Works Director David Vorse provided a PowerPoint presentation entitled "Castle Rock Pavement Preservation Program" as revised October 2012.

In 1991, the size of the city was 1.13 square miles, with 10.32 miles of residential streets. At that time staffing included one full time and one seasonal employee. In 2011, the city now is 1.94 square miles with 11.82 miles of residential streets and includes only 35% of one employee's wages.

Washington Street Transportation Improvement Board rates all residential streets in the state. The system assigns a Pavement Condition Rating (PCR) value from 0 to 100 units; with 100 units indicating no defects. In 2012, the average rating for Castle Rock streets was 63.7. At the city's current maintenance schedule, the rating is anticipated to decline to 51.7 by 2017.

Vorse noted that 23 different programs and services are funded by the city's general fund, which range from law enforcement, court, emergency management, parks and other services.

The street department is responsible for arterial and residential street surfaces, signage, landscaping, sidewalk inspection and maintenance of alleys and right-of-way.

The city's current street maintenance strategy is to complete one overlay every two years. This is funded from real estate excise tax proceeds. Personnel also repair potholes, with priority given to higher used streets. As a result, street condition complaints have doubled in the last six years.

Vorse described the annual funding available for arterial and residential street maintenance. Currently the pavement maintenance budget is only 0.07% of the street network value. The recommended ratio should be greater than 1%. He noted that 150% of every dollar 'saved' by deferring maintenance is immediately lost in declining network value- with much of that loss being irrecoverable. According to the Washington Chapter of the American Public Works

Association's Winter 2011 publication, pavements that may have cost 65¢/square yard to protect fifteen years ago will now cost \$85 to rebuild.

If the city continues with this strategy:

- the network will lose another \$710,000 in value by 2017;
- the asphalt network will drop from 'fair' rating to 'marginal' rating;
- the backlog in 'poor' rated streets needing to be rebuilt will increase from 21% to 28%;
- only three out of 134 residential street sections are ranked within the target PCR rating to qualify for grant funding to pay for overlay or chip seal work;
- poor street quality adversely affects home resale values by 5% due to poor access.

Vorse noted that as street conditions decline, maintenance costs increase rapidly. He showed a graph illustrating the rate of decline.

Vorse listed an array of residential streets that would not qualify for grant funding because of their PCR rating. By 2017 there will be approximately 35 street sections that would not qualify. Those street sections directly affect 250 homes, 30 apartment units, two school facilities and two businesses.

Street funding for this current fiscal year includes \$30,000 from the Motor Vehicle Fuel Tax and \$14,506 from the General Fund; a total of \$44,506. Of that total, electricity expenses for street lights cost the city \$20,250, leaving an operating budget of \$23,986 for street maintenance requirements.

The formation of a Transportation Benefit District provides various funding options. These are: Requiring voter approval: property tax increase, vehicle license fee between \$21 to \$100, vehicle toll, or increase of the sales and use tax up to .2% for 10 years or until debt repayment. Funding sources not requiring voter approval include; vehicle license fee of up to \$20, or a transportation impact fee on commercial and industrial buildings.

A Transportation Benefit District is formed by the city council and requires a transportation plan and annual reporting. Vorse noted that several Transportation Benefit Districts exist and he provided a breakdown of their funding source.

If voters approve an .2% to the city's sales and use tax, it would still be less than Kelso, Longview, Centralia and Chehalis and it would be comparable with parts of Lewis County.

Vorse stated this year the city had the opportunity to apply for a Public Works Trust Fund loan in the amount of \$431,000, 15 year term at .75% interest rate, annual repayment of \$30,487. If the city could complete the project within three years of the contract date, the interest rate would be reduced to .25%, for an annual repayment of \$29,311. This savings would be used for other street maintenance projects.

The city has several strategies that they considered relating to pavement maintenance:

- let some street continue to deteriorate. Maintenance would be limited to arterials and collectors in good condition and would only allow minor maintenance to local streets.

- require new street standards. This would increase the cost of new development
- develop new funding source to preserve pavement.

If voters approved the increase in sales and use tax to fund the Transportation Benefit District, the benefits would be:

- would generate revenue for residential street improvements where little is available;
- provide an estimated annual street revenue increase of \$52,000;
- cost is shared by all users, including visitors;
- Public Works Trust Fund loan at .25% interest over 15 years would require an annual payment of approximately \$29,311;
- this option would provide an estimated \$22,689 annually for street maintenance with a goal of providing a maintenance to every residential street within a 15 year cycle;
- council provide funding for a large street repair project of 17 to 23 sections;
- sales and use tax income would increase as the local economy improves.

Voter concerns over increasing the sales and use tax include:

- would raise the sale and use tax in the city. Currently Castle Rock has the lowest sales and use tax in Cowlitz County;
- could affect businesses that deal in large volumes;
- voters could be apprehensive about funds being absorbed within the General Fund;
- Public Works Trust Fund loan would need to be repaid;
- would increase the city's overall debt.

Vorse noted that by State law, funds received from this increase in sales and use tax cannot be used for anything other than transportation improvements. He also noted that the city's overall debt is approximately \$7 million dollars which includes debt and liabilities. Of that debt, \$6.4 million are utility based debt, which must be repaid by system user fees. The city's general obligation (tax) debt is only \$583,898, which includes a \$300,000 short term loan from Cowlitz County. This loan was used as interim funding to help with cash flows as grants funds were received for the Cowlitz Street West reconstruction project.

Mayor Helenberg asked for those who opposed Proposition 1 to give their presentation. City Attorney Frank Randolph stated the city received a letter dated today signed by Roy Henson Chairman of Citizens Against New Taxes. The letter stated; "Citizens Against New Taxes believes that all of the facts should be presented fairly, in an unbiased setting, with a neutral moderator. We had agreed to present our facts at a forum presented by the Chamber of Commerce on this date. However, the City of Castle Rock appears to have hijacked that forum under a thinly veiled guise of a 'public meeting'. We refuse to participate in an obviously skewed and biased format controlled by the very ones who have proposed Prop 1. We instead will voice our opinion at the polls on Nov 6."

Mayor Helenberg invited anyone who has questions on Proposition 1 or who is opposed to the issue to speak. He noted this is their opportunity to get questions answered or to voice their issues.

Harold Erdelbrock asked if there was an ending to the .2% sales and use tax. Vorse answered

that the tax is for a 10-year period, or if there is a debt the sales and use increase would go until the debt is paid.

Mayor Helenberg stated a Daily News reporter asked him if the city would impose the \$20 car tab increase. He stated that while he could not speak for the city council, based on past discussion, he feels confident that the \$20 car tab license increase would not be enacted.

Yvonne Knuth, noted that increasing the car licensing would be a burden to city residents. The mayor added that increasing the sales and use tax would share the burden throughout all users of the streets.

Helenberg stated since he took office, one of his priorities was to find funding for street maintenance. He feels this is a good resolution to funding street repairs.

Howard Mason, proponent for Proposition 1 stated that last spring he was asked to work on a committee to seek ways to fund street improvements. The committee looked at a funding through a bond issue, the \$20 car tab fee and increase of the sales/use tax. This committee supported increasing the sales/use tax by .2% because inside city limits there are approximately 2000 people. However an additional 3,000 live just outside the city limits and everyone shopping in the city would help to contribute to the street infrastructure. The sales/use tax is only on taxable item. This increase would equate to 20¢ on every \$100 spent and the city's sales/use tax would still be less than in Kelso or Longview.

Mason noted that considering the cost to fill potholes, including worker hours; the repairs only last an average of three months. He feels this is throwing good money after bad.

Mason stated the City of Longview is considering the \$20 vehicle license fee. Many times families have multiple vehicles. A family with two vehicles would pay \$40 extra to license their cars. Mason stated a person would need to buy \$20,000 of taxable items to expend that amount in one year. In summary, he stated 'penny wise is dollar foolish'. There are more advantages to approving this for transportation improvements; whether it is in vehicle repair savings, or increasing sales value of homes. For 2/10<sup>th</sup> of 1%, the residents can have improved streets and he urges people to vote 'Yes' on Proposition 1. These proceeds cannot be used for anything else, except street improvements.

Mayor Helenberg stated he just received a flier that summarized; "A dollar spent at a locally owned store is usually spent 6 to 15 times before it leaves the community. From \$1, you create \$5 to \$14 in value within your community, however spend a \$1 at a national chain store and 80% leaves town immediately." The mayor urged people to support local businesses to help the community grow and thrive.

Lee Kessler stated he has lived in the community for approximately twelve years. As he researched the issue of street maintenance, he has seen streets deteriorate all over the city. He stressed that: 1/this is a fair and equitable plan, 2/ it takes care of current and future needs. 3/ residents and non-residents share the burden, 4/ the tax rate is insignificant. People who drive to other Washington cities to shop do not recognize the difference in tax rates between the cities

when making a purchase. He noted that a car alignment costs approximately \$50. He has heard that people cannot afford the additional sales tax. A car repair is far more significant a cost when compared to the sales tax increase. Kessler remarked that the proceeds from the sales and use tax can only be used for street maintenance.

Mr. Kessler stated the money the city is indebted for the sewer and water systems is a total separate source. He noted that everyone who spends responsibly occasionally needs to spend money. He asked how many people purchased their home or vehicles without incurring debt.

Kessler stated if the city does not take care of their streets now, the future cost will be astronomical. He noted that in Vorse's presentation the current cost for an overlay is just over \$1/square yard, however a complete street reconstruction costs \$93/square yard.

Kessler said the added revenue would put streets on a sustainable path. Everyone knows that if you don't maintain things, they fall apart and the street infrastructure will continue to get worse.

He noted that several times he has spoken with councilmembers about responsible spending of city resources. The increase in sales and use tax would still make Castle Rock's rate lower than in Kelso or Longview.

Homeowners are affected directly by street condition. If he loses 5% to 10% on the value of his home when selling; that is significant impact to him. So the residual value to the homeowner to have maintained streets is huge and improves the image of the city. Good streets attract people who want to invest in our community. The sales and use tax increase will not be noticed, however the people who drive on the improved streets will notice the difference. Kessler stated he is not a proponent of tax increases. However he has looked at the overall cost and the value to the city and the benefits are overwhelming. For those who are undecided, he urges them to vote in favor of Proposition 1 because it is the best way to fix the city streets and bring residual value to the city.

Mike Vorse, Castle Rock Chamber of Commerce President stated he is an advocate for the city's volunteers and he read the chamber's mission statement. The volunteers have worked hard to make the city better and to improve the quality of place. In response to Roy Henson's letter, the Chamber of Commerce has endorsed Proposition 1 as a way to improve the city. They did set up a forum and asked the city to present facts on the issue. The city was able to do so in by holding a special meeting and Mike Vorse called Mr. Henson to request he attend this meeting to present his opposition on the proposition. The Chamber of Commerce urges voters to support Proposition 1.

Nancy Chennault stated she lives outside of the city limits, but shops at Castle Rock businesses. Even though she cannot vote on the proposition, she has an interest in those who volunteer in the community to bring a better quality of life to the city. With the help of those volunteers, the city just received national recognition through the American In Bloom program. This has brought in new consumers and she urges voters support Proposition 1.

Keith Forsyth, moved to Castle Rock just over a year ago and opened a business in Castle Rock.

There currently are not a lot of small businesses in town, and the city needs to obtain fresh businesses. He feels people may be leery to invest in a new business because of the city's quality of streets. He added there are many opportunities to invest in businesses in other communities and the smallest thing may be the deciding factor. Good streets bring in more people and more consumers bring in more businesses. This town deserves better streets and this is a small investment in making this happen.

Don Miller stated he is in favor of Proposition 1. His neighbor, Carol Case, just moved to the area. She just moved to Castle Rock from Port Angeles, where their sales and use tax is 8.4%. She also supports Proposition 1.

Richard Skreen, resident, stated he has seen improvements on C Street and he supports Proposition 1 to continue to improve those street sections.

Howard Mason – stated the 2/10<sup>th</sup> of 1% sales and use tax increase does not have any effect on city utility rates.

Jim Worl feels this proposal is well thought out. It is a variable tax, allowing the costs to be spread between all users. In Oregon, they have fixed taxes which are more burdensome to those on fixed incomes. He is a proponent of Proposition 1.

Betty Phillips, asked people to discuss this issue with their friends and neighbors to inform them of the need.

Nancy Chennault read a statement on behalf of Dianne Swanson, CARE Coalition, urging safe streets for a healthy community.

Steve White stated there is another alternate way to get streets fixed. Residents could complain and petition the council, however he feels supporting Proposition 1 is a more efficient and friendly way to get things done. He applauds the work that has been done and feels this is a way to provide funding for all streets.

Mr. Griffith, Larsen Lane, asked if the voter's pamphlet will include information on this issue. Mayor Helenberg stated the pamphlets should be mailed later this week.

There being no further comments, Mayor Helenberg asked if city council wanted to take action to support or oppose Proposition 1.

Councilmember Queen made a motion, seconded by Rose to support Proposition 1. In discussion, Councilmember Pingree encouraged 'buy local' to support our businesses. One of his neighbors asked why local businesses do not advertise that Castle Rock has the lowest tax rate in the county. Pingree stated business owners stated this would not be a benefit to them. Pingree lives on a street that is in poor condition and he sees the value in all of the hard efforts put forth to improve the city. He feels the 2/10<sup>th</sup> of 1% is well worth the value to improve the city. By roll call vote, unanimous 'Aye'.

Mayor Helenberg thanked everyone for coming to support the city. He added that in the future, Councilmember Pingree will be holding Saturday Coffee forums to provide an informal way to hear city issues.

There being no further business, the meeting was adjourned at 8:30 p.m.

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Mayor Paul Helenberg

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Clerk-Treasurer