

Mayor Helenberg called the November 17, 2014 Special Meeting to order at 6:15 p.m.  
Location of meeting: Castle Rock Senior Center, 222 Second Avenue SW.

Purpose of the Special Meeting: Review and clarify sections of the proposed budget for fiscal year 2015.

Councilmembers attending: Teter, Kessler, Queen, Davis (arrived at 6:30 p.m.) and Rose.

Staff attending: Sergeant Scott Neves, Public Works Director David Vorse and Clerk-Treasurer Ryana Covington

Documents distributed:

- Estimated expenditure and estimated revenue reports
- List of 215 projected water and sewer related projects
- Informational sheet relating to the city's water and sewer systems
- Fund balance estimation spreadsheets for General Fund, Water-Sewer Fund and Regional Water Fund
- Cash and Investment Activity Report for period October 2014
- Proposed 2015 time allocations for Public Works Department and City Administrator
- 2015 Budget workshop report submitted by Nancy Chennault, Strategic Marketing Consultant
- Outline of current 2014 utility rates showing costs by usage amounts
- Listing all funds and comparison with 2015 revenue and expenditure projection totals

Covington distributed updated copies of the estimated revenue and expenditure for fiscal year 2015 budget. She noted two funds will need to be discussed; General Fund, which has a current projected shortage of \$7,980 and the Stormwater Management Fund, with a shortage of \$2,704. Both shortages are the result of proposed expenditures for 2015, exceeding the estimated revenues. Covington stated adjustments made from the previous budget meeting included updating all funds on distributed costs for liability insurance. AWC RMSA just provided cost estimates for each city; with final totals available at the end of this year.

Councilmembers reviewed calculations for the General Fund ending fund balance. Covington noted comparisons are made monthly when actuals are available and adjustments made to the revenue and expenditure estimates outlined on this spreadsheet. She expressed concern over uncertain expenses such as attorney fees, planning and jail costs and continues to monitor those issues.

Covington stated the General Fund estimated beginning fund balance is budgeted at

\$290,000; however city council has included a projected ending balance as of December 31, 2015 of \$213,000. Covington summarized this would mean council is anticipating using \$77,000 to balance the budget for this fund.

Covington stated the only revenue increase currently proposed for the 2015 budget includes a 2% increase in utility tax assessment. The rate is 8% and would increase to 10% assessed on water, sewer and stormwater revenue. The budget does not include any other rate increases. Mayor Helenberg reminded councilmembers that the Water System Plan they adopted recommended an annual rate increase for utilities. The increase recommended in the plan was between 5% and 7% annual increase to keep up with operation/maintenance costs and to begin to build capital for system improvements. The mayor noted that Longview and Kelso also are anticipating utility rate increases in 2015.

Dave Vorse discussed the outline provided by Chennault demonstrating the positive impact resulting from recent improvements to the commercial district and additional recreational development. She noted that empty storefronts have decreased from 30% vacancy three years ago to around 7% today. In addition, retail sales and use tax revenues have increased and several businesses are looking to expand into larger spaces. Chennault expressed support for reinstating funding for the vacant public works position, to support continued progress for economic sustainability.

Vorse discussed the importance of the city's water and sewer system and provided statistical data on the system. He described the various regulations required to maintain the systems and noted that quality personnel are an important factor in providing quality water and sewer services to the community. If the city had to rebuild the plants; it would cost approximately \$10 million dollars to construct a new Water Treatment Plant and \$20 million dollars for a new Wastewater Treatment Plant.

In response to a prior request from Councilmember Davis, Vorse provided councilmembers with an outline of 2015 water and sewer related projects and the estimated FTE (full time equivalent) manpower hours needed to complete those tasks. Total FTE's needed to complete the projects is estimated at 8.2; currently Public Works has only six employees. Vorse stated other projects always come up and priorities change; but this list is an outline of what they would like to strive to complete.

Every five years the city must develop and adopt a water system plan. The cost for developing that plan is approximately \$50,000; which identifies system needs and cost estimates for upgrades. This plan is used to identify project priorities. The past two

years, water and sewer upgrade projects were the result of the street improvement projects.

Vorse stated he has been proud of the work accomplished by his personnel. In the last two years city forces were able to replace nine water mains. The engineer estimated this project to cost \$675,000 if contracted forces were used. His personnel were able to complete the same work for less than \$130,000. In addition, public works personnel repaired seven sewer mains at a cost of less than \$16,000. The engineer's estimate for this work was \$40,100; again a savings to the city.

Vorse stated the city has approximately fifteen old water mains (installed prior to 1970) remaining from the original system that the city acquired from a private purveyor. He stated the budget is currently balanced without any increase in rates; and if council still wants to eliminate funding for the vacant position, he would ask that council discuss prioritization of the proposed 2015 projects.

Covington stated the 2015 budget for the Water and Sewer Fund are balanced; however there would be approximately \$80,000 of the initial fund balance used to meet operation costs for next year.

Buck Davis, resident, provided several examples of projects being done by two public works employees and asked if this was OSHA or local policy. Vorse explained that some projects do require a two-person crew to complete, but other projects are just more efficiently done when two people can divide the tasks. This efficiency allows for more multi-tasking of maintenance tasks throughout the city. Mr. Davis voiced concern over ongoing rate increases; especially for those on fixed incomes. The mayor stated he understood this issue; but countered that the city is still tasked with maintaining the infrastructure; which requires manpower. If the city lacks manpower to keep up with projects, then important minor maintenance is deferred; leading to larger issues. The mayor stated it is easier on the rate payer to bear the burden of smaller incremental increases, rather than a large increase.

In answer to Mr. Davis' question, Mayor Helenberg stated the person who originally developed and owned the water system used whatever material he could get to extend the system, with much of the system using galvanized pipes. The mayor feels the city has done a good job in replacing those pipes to eliminate system leaks. Helenberg described issues that the City of Winlock has with their wastewater treatment system. Vorse stated the city attempts to replace one water main per year; however in the last two years nine mains have been replaced.

Vorse stated in 1954, sewer mains were installed with concrete pipe. In the winter, the treatment plant has issued with stormwater flowing into the sewer treatment plant; which is then treated. Sewer mains are extremely expensive to upgrade due to the depth of the mains.

Mr. Davis stated the city has been contemplating a re-organization of positions; with Vorse moving to a city administrator designation and one of the existing public works employees moving to the public works director position. He felt this move would cost the city more money and would create a shortage of labor required to do the public works projects.

In answer to Mr. Davis' question, Vorse discussed the time allocation estimates relating to public works and city administrator needs. Vorse stated the premise is to reassign duties to the Public Works Director position relating to city administration. Current supervisory staff does not have time to develop policies such as updating the personnel policy manual and scheduling city-wide training opportunities, which help to reduce city liability issues. Vorse stated the Public Works Director/City Administrator position would just be defining many of the tasks that he is already doing. The second redefined position proposed is a Public Works Operations Supervisor that would be responsible for overseeing and managing the daily work schedules within the public works department. Neither of these position restructures would take away from what is already being done and would not further reduce the manpower operations within public works. Vorse stated projects such as boat launch, visitor center, shoreline management and critical area are not within the public works director's field; however he has been tasked with completing this work. Each of those projects are very important to the city and requires attention from city officials.

In answer to a question from Patty McVay, Covington stated the proposed budget does not currently include any increases in utility rates. The only increase would be for property tax (within adopted limitations) and utility tax (which benefits General Fund operations). McVay asked if the city has the authority to make those increases. Covington stated it is the responsibility of the city to evaluate needs of their utility systems and determine rates to meet operation needs. Property tax increases do have State mandated limitations and require an annual public hearing to be held before determining the need for any increase.

Vorse stated many of the requirements imposed upon cities are State mandates; which do not include any funding to implement. Mayor Helenberg noted recent issues relating

to stormwater in the Seattle area will eventually lead to more legislation on how stormwater enters the river systems. He speculated those mandates could really create cost issues for cities. Councilmember Queen noted the city was mandated by the State to upgrade the sewage treatment plant and the only available funding was through loans.

Councilmember Kessler still raised concerns over being able to sustain funding to fill the now-vacant public works position. Vorse stated the layoffs were due to the city needing capital to complete water main upgrades due to the large street upgrade projects being proposed. Vorse felt there is an existing track record to sustain employee positions; citing this was the first layoff required in the past 22 years. Those utility projects are now completed.

Vorse stated it has been his experience that people are happy to be able to work even for short periods of time, because it allows them to establish experience they would not have been able to obtain. Vorse explained that after three months of employment, the employee can obtain an Operator In Training (OIT) certification and upgrade that certification to Class I after one year of employment. He noted it takes approximately five years to obtain all certifications. In answer to Kessler's question, Vorse stated because of the cross-training that he requires; it is easier for personnel to qualify for jobs at another facility.

Councilmember Kessler asked if Vorse can show a cost/benefit analysis between contracting out some of the 2015 tasks as compared to funding the vacant position. Mayor Helenberg suggested the savings demonstrated during the water main project is a good example.

Councilmember Kessler suggested that tasks such as reading meters or cleaning public restroom facilities could be completed by hiring someone at a lower rate to do the lesser tasks. Referring back to the 2015 project list, Vorse noted the May Avenue water main replacement is estimated by the city engineer to cost approximately \$120,000 if contracted forces are used. Using public works personnel, the same job can be done for less than \$20,000. Vorse noted prior to moving toward radio read meter capabilities, it took six days to complete the routes. Now it takes approximately 13 hours to complete the monthly readings. This time will further reduce when all of the meters are upgraded for radio read capabilities. Additional benefit from the radio read system is that public works can now download usage history to ascertain when spikes in usage occurred. This has been a benefit to both the customer and staff.

Vorse stated his personnel must be able to learn and complete a multitude of tasks. Also important is their attitude and character when doing those tasks. Covington also noted that public works personnel are part of a collective bargaining unit, with defined positions and wages. Vorse stated he would be very happy to have additional staffing during the summer months. Currently he depends on resources such as volunteers, Lower Columbia College intern work program, court mandated community service workers, and the jail crew to complete several maintenance projects.

Kessler stated the County Road Department uses part-time seasonal employees to do projects throughout the year. He suggested that tasks, such as watering flowers, could be done by part-time seasonal employees. Vorse stated Castle Rock Community Development Alliance is currently working with the school district to create an entrepreneurial based program for students that would include Castle Rock America In Bloom tasks. Vorse felt this would be a win-win project for all.

Councilmember Queen stated he has heard numerous complaints that public works employees are watering the flowers. Vorse stated volunteers and local business owners do the majority of the watering already. Because of insurance issues relating to use of city property, public works assists with watering of the hanging baskets. Councilmember Kessler stated the feedback that he has received from the public is mixed; with many not understanding why the flowers need to be watered so frequently and by city personnel. Kessler stated he feels the city needs to continue to move toward finding other ways to do those tasks.

Patti McVay felt the City of Woodland, with a population of 70,000, has been able to keep their commercial building values up without the use of multiple hanging street baskets and street improvements.

Mayor Helenberg felt the city needs to continue to support its volunteer force. Councilmember Kessler stated he does not know anyone opposed to the flowers; they are concerned over the personnel costs.

Mayor Helenberg cited several businesses that moved to the city and invested in building improvements because of the street improvements and the flowers. He noted the city has an amazing set of volunteers in this community and the city should do more to support their efforts.

McVay felt that expanding the hanging basket program from 200 baskets to 260 baskets did nothing to benefit local businesses. The mayor disagreed with McVay's

assessment, noting the reduction in business vacancies in the commercial districts. Vorse corrected McVay, noting the city currently has 100 baskets, with an additional 50 baskets to be added in 2015; not the 260 baskets that McVay refers to. In addition, Vorse corrected McVay's comment regarding the City of Woodland's population. Woodland has just over 5,000 population; not 70,000 as she reported. Mayor Helenberg noted Woodland has the benefit of a close proximity to Clark County, a port district and an industrial park facility. Councilmember Kessler noted growth is moving faster within that adjoining county.

In answer to Councilmember Kessler's question, Vorse stated he currently has five employees in the public works department, not including his position. Councilmember Teter noted the estimated personnel required for just preventative maintenance requires 6.2 FTE's.

In answer to Councilmember Kessler's question, Covington stated the personnel costs for salary and benefits are between \$38/hour to \$56/hour based on the position. Vorse based his assessments on an average of \$40/hour employee costs. Councilmember Teter stated the use of city personnel would be less than hiring contracted labor for the projects outlined by Vorse.

In answer to Councilmember Kessler's question, Vorse stated the listed projects are for hours required by city forces. Some of the tasks will need to be contracted; however those will still require city personnel time to oversee the project.

In answer to Councilmember Queen's question, Covington stated she will provide a summary of what is included in the budget. Issues such as adding personnel and changing personnel duties will need to be settled by city council so that she has a clear understanding of what city council wants to include. As far as employee allocation of time for the current positions; Covington stated she was told at the October budget workshop meeting that those allocations will not change, regardless of what those positions are titled. However, it is important for city council to make a decision at this meeting on funding of the vacant public works position. The current budget proposal has that position included for 2015.

Councilmember Kessler and Queen noted they will not vote in favor of the budget if it includes a city administrator position. Councilmember Teter asked what would be the duties of a city administrator. Vorse stated there are several issues that have not been addressed city-wide. He noted coordinated training (such as sexual harassment, hazardous materials and blood borne pathogens) is needed by all departments. The

current personnel policy is over thirty years old and needs to be updated. The city does not have any adopted process for personnel evaluations. Vorse stated the city does not have anybody working to 'sell' Castle Rock or to do outreach for new economic development opportunities. Within the next four to five years, two of the department supervisors will possibly be retiring and it will be important to recruit the right people. He noted that working on a daily basis with these employees provides insight on issues they face within their position. In answer to Councilmember Kessler's question, Vorse felt councilmembers do not have adequate knowledge of the responsibilities and duties that each department supervisor faces on a daily basis. He felt the city administrator role is a servant position to compliment and aide in furthering city goals; whether it is grant writing or whatever else is needed.

Councilmember Kessler stated training within the departments is the responsibility of each department supervisor. If this is not done, it is the Mayor's responsibility to make sure the supervisor is doing their job. As far as the hiring process, he feels that Chief Heuer has done an incredible job with supervising his department and the chief does not need a city administrator to assist.

In answer to Mayor Helenberg's question, Sergeant Neves stated training for subjects such as sexual harassment is specific to police needs and their internal policy.

Sergeant Neves stated he would caution anyone making decisions on the proposed city administrator position without first having a clearly defined job description and list of responsibilities, including who they would be accountable to.

Vorse stated department supervisors also do not have employment contracts and most cities have offered this to their supervisory staff.

Councilmember Kessler suggested the concept of city administrator needs further study before moving forward.

Vorse stated last Friday he attended a meeting with Congresswoman Herrera-Beutler's staff. At that meeting, he found out that most cities submit project lists to the aides so that specific state or federal funding can be located. This is another example of why the city needs to have a representative available to attend and work on those opportunities.

Mayor Helenberg stated the concept to expand the public works director into a city administrator position will not be included in the 2015 budget; Vorse will remain as

Public Works Director only. Personnel allocations for the Public Works Director will remain the same as included in the 2015 proposed budget.

Mayor Helenberg stated he still is requesting council support to expand responsibilities of the Electrician Control Specialist to include Public Works Operations Supervisor. This amendment in the job title will not change the pay scale, or the existing duties. When Alan Kruse retired, his job description was Senior Plant Operator/Public Works Assistant. The mayor would like that title to be expanded to include electrician control specialist. This change could be possible through a contract addendum agreement. Helenberg stated the allocation of personnel time also will be unchanged from what is currently included in the 2015 budget.

Councilmember Teter stated he is also in favor of funding the vacant public works position and supports keeping this in the 2015 budget.

Councilmembers reviewed the General Fund revenue projections. Covington suggested reducing the projected ending fund balance from \$213,000 to 205,020. This would still meet council's goal of preserving an ending fund balance of at least 15% of the total budgeted expenses. If revenue projections at the beginning of the year are higher than estimated; the budget could be amended to adjust the projected ending fund balance amount up to \$213,000, if possible. Councilmember Kessler asked if the local sales and use tax estimate trend will remain the same as previous months. Covington stated sales and use taxes decline toward the last part of the year. Tax proceeds received for November and December are based on sales made after the end of the tourist season.

Councilmembers Kessler, Rose and Teter concurred with reducing the budgeted ending fund balance to \$205,000 and then reassessing this allocation after the first of next year.

Councilmember Kessler also advised that the police department may need to budget for replacement of another patrol vehicle in 2015. Sergeant Neves stated the paint is beginning to peel on the 2005 patrol vehicle and this vehicle also has high mileage. Neves stated the Local Criminal Justice Fund currently is being used to pay for the patrol vehicle being used by Officer Worley and revenues would not support purchase of another vehicle from this fund.

Covington also cautioned that the new bargaining unit for the police department includes certification pay to begin in 2016; for a total police wage increase of 4.5% in that fiscal year.

Sergeant Neves stated his department initially had a five-year vehicle replacement plan, but budget issues have kept them from meeting this goal. Ms. McVay voiced her support for replacement of police vehicles.

Councilmembers reviewed the proposed 2015 Stormwater Fund budget. As proposed, expenditure requests exceed estimated revenues by \$2,704. Vorse stated the stormwater system is basically the original sewer system prior to 1950. Vorse stated he does not have any records on how the size or shape of the system. Vorse stated he has been trying to set aside funds to be able to place cameras down the system to map and ascertain the condition of the system. In addition, upcoming regulations will eventually require the city to create a comprehensive manual to meet State mandates. Helenberg stated the city has been increasing stormwater rates by 1% to 2% annually.

In answer to Councilmember Kessler's question, Vorse stated issues with the stormwater system may cause sink holes and other infrastructure issues. Replacement of the two pump stations also is very costly; averaging \$25,000 to \$30,000 each. Helenberg stated that is why a capital reserve fund was created.

Mayor Helenberg recommended an increase of 2% in stormwater rates and at least 1.5% for each water and sewer rates. The mayor stated he is sensitive to what Mr. Davis said about people on fixed incomes; however he feels small increases are easier to absorb than larger ones. In answer to Ms. McVay's question, the mayor stated regardless of whether the vacant position is filled, he still feels an increase in rates is prudent due to contracted cost of living increases and unknown future operation increases for chemicals and PUD service.

Covington noted the Stormwater Fund also includes a \$20,000 interfund transfer into the Stormwater Capital Fund. Vorse stated the current fund balance in the capital fund is only \$33,000. He noted the Water System Plan cost the city \$50,000 and he would expect similar costs.

In answer to Councilmember Kessler's question, Covington stated a 2% increase in stormwater rates would be an additional 14¢/month for residential customers; for a total of \$6.92/month. This increase would provide enough revenue to balance this fund.

Mayor Helenberg asked what impact a 2% increase in water and sewer rates would have on customers. Covington stated the average utility customer usage is between

400 cubic feet to 500 cubic feet. A 2% increase in utility fees would cost customers an additional \$1.05 for water service and \$1.37 for sewer service, based on 500 cubic feet usage; for a total of \$2.42 combined utility increase for those services.

Based on 500 cubic feet of usage, the total monthly increase would be:

Water, increase of 2% = \$1.05	Current amount: \$52.65	With increase: \$53.70
Sewer, increase of 2% = \$1.37	Current amount: \$68.45	With increase: \$69.82
Stormwater, increase of 2% (residential) = 14¢	Current: \$6.78	With increase: \$6.92
Subtotal:	Current: \$127.88	Proposed: \$130.44
Utility Tax, 2% increase; 8% tax= \$10.23		10% tax = \$13.04
Customer comparison:	Current total: \$138.11	Proposed total: \$143.48

Councilmember Kessler stated of all the issues that citizens complain about; the most complaints are about the cost of water and sewer services.

By consensus, councilmembers directed the clerk-treasurer to include the following rate increased in the proposed 2015 budget: 2% increase in stormwater rates, 1.5% increase in water rates, 1.5% increase in sewer rates, and 2% increase in water, sewer, stormwater utility tax rate. Wage allocations will remain unchanged and the council will include funding for the vacant public works maintenance worker position in the 2015 budget.

In answer to McVay's question, Mayor Helenberg stated waiting until mid-year to fill the public works position would provide little impact on the budget and would force delay of projects for 2015.

There being no further business, Mayor Helenberg adjourned the Special Meeting at 8:45 p.m.

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Mayor Paul Helenberg

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Clerk-Treasurer