

Castle Rock City Council
Budget Workshop Meeting
December 19, 2011

Mayor Paul Helenberg opened the meeting at 6:00 p.m., followed by the Pledge of Allegiance. The following councilmembers were present; Ray Teter, Earl Queen, Glenn Pingree, Mike Davis and Ellen Rose. Staff present: Public Works Director David Vorse, Police Chief Bob Heuer and Clerk-Treasurer Ryana Covington.

Mayor Helenberg explained the purpose of this meeting is to discuss the proposed 2012 budget, specifically for the General Fund.

Councilmember Queen stated he was concerned that councilmembers were unable to review and meet on the proposed budget prior to being asked to make a decision on its adoption. Mayor Helenberg stated this year the budget was difficult to balance and time did not allow for additional meeting times.

Queen also stated he did not receive anything that informed him of any pending or anticipated reduction in staff. He is not in favor of any staff cuts in any departments. Mayor Helenberg stated no staff reductions were anticipated within the first three to six months of 2012. He concurred with Queen that staff reductions were difficult. Mayor Helenberg stated the issue is that between the year 2000 and 2011, the revenue source for the city has increased approximately 3%. Non-department has reduced expenses by approximately 29.9%, while the police department has increased expenses by approximately 106% over that same period, for a total of almost \$331,000 increase. The mayor stated this increase was the result of added personnel, but continues to increase by approximately \$30,000 each year. Every other department supported by the General Fund have either decreased their expenses, or experienced minimal increases over those eleven years.

Mayor Helenberg stated that expenses must be brought into alignment with the city's revenues and currently the police department encompasses three-quarters of the General Fund expenses. The 2012 budget request for the Police Department is over \$700,000 of the entire General Fund, which is proposed for a total of \$1,169,277 (excluding the ending fund balance).

In response to a comment made by Sgt. Neves, the mayor stated the historical amounts being quoted have all been audited by the State. He added that it is up to the council to decide what to do.

Chief Heuer stated when he was hired by the city, the police department had experienced a five person turnover. In one year, the department lost three people, which made expenses less than what was appropriated. In terms of the proposed budget, Heuer stated there is \$120,000 in grant projects included in the budget, which reduces his actual operating budget to \$590,000. He noted that the criminal justice funding also needs to be taken into consideration, since those funds are used for equipment purchases, such as police vehicles. The criminal justice funds take the burden for those purchases away from the General Fund. Covington noted that the comparisons only included actual expenses incurred through the General Fund and did not include the Criminal Justice Fund or the Local Criminal Justice Fund.

Covington stated that the ten-year history has excluded any grants received for projects through the Police Department, during the applicable fiscal year, with the final total for the police budget being expenses for operations only.

In 2012, Chief Heuer stated he knows that the city will receive \$70,000 from the COPS rehiring grant and another \$30,000 received in Fund 145 (Local Criminal Justice Fund) which relieves police related expenses from the General Fund. Adding in the other grant funding that his department will receive in 2012, he calculated his actual operating expenses would be \$590,000 in the upcoming fiscal year. This amount does not equate to 75% of the General Fund budget. The chief noted that additional costs included in his budget is the 911 communications center; budgeted for \$40,000 in 2012. For these reasons, he does not feel that the numbers presented to council coincide with his evaluation of the budget.

Covington noted that the evaluation of police expenses for the period 2000 through 2005 also include jail costs. In 2006, this expense was moved to the Court Department. The impact of those expenses was \$7,525 (in year 2000), \$8,161 (in year 2001), \$10,415.28 (in year 2002), \$8,058 (in 2003), \$7,107 (in 2004) and \$27,918 (in 2005).

Chief Heuer stated the budget that he proposed is what he feels is needed to run the police department, and it is up to the council to decide how much they want to expend on those services. However he wants the budget to be accurately reflected to the council.

In answer to Councilmember Pingree's question, Covington stated the comparisons presented do not include the proposed 2012 budget. The comparisons are intended to include a historical outline of increases and decreases throughout departments and funds dependent on the General Fund. Covington noted that Chief Heuer is accurate when stating that the criminal justice funds help to alleviate additional expenses to the General Fund. However the comparisons presented were only of expenses that went through the General Fund.

Councilmember Pingree commented that the city was just audited by the State Auditor. The resulting audit report dated November 17, 2011 noted that the financials were reported accurately.

Councilmembers reviewed the proposed budgets for the Local Criminal Justice Funds (Fund 145) and for the Criminal Justice Fund (Fund 140). Excluding the ending fund balances, the operating budgets for each were \$17,200 and \$2,067 respectively. The revenues for Fund 140 are comprised mostly of grant revenues.

Councilmember Teter estimated an additional \$40,000 in cuts are needed to eliminate the proposed staff reduction. He stated that he has reviewed the proposed budget numerous times and still is unable to find any additional reductions. He noted that the fund balance has been reduced from \$208,000 at the beginning of this year to a projected balance of only \$132,000, even with reductions to the budget. Mayor Helenberg stated the city will need to defer payment of the liability insurance in January, which will cost the city additional interest expenses. Mayor Helenberg and Councilmember Teter both supported retaining all positions if revenues are greater than projected.

Chief Heuer stated he sees that tax revenues in 2010 were estimated at \$836,000; however the actual tax revenue for that year totaled \$878,000. In 2012, the estimated tax revenues are \$933,700. He added this is the first time that he has seen the General Fund history comparisons. Heuer noted an error on the expenditure comparison for 2011. He stated the \$18,599 received from Association of Washington Cities was not a budgeted expense; but rather an insurance settlement. Covington agreed that those funds were not a budgeted expense, which is why that expense for the new police vehicle is shown as a deduction from the total police operations for 2011, along with grant related projects for that period. The total of \$657,819 encompasses only the operations expenses appropriated for 2011.

Mayor Helenberg stated this is the time to ask questions pertaining to the proposed expense appropriations and revenue estimates for the 2012 fiscal budget.

Chief Heuer stated that at the conclusion of the November budget meeting attended by the mayor, Councilmember Teter, Vorse and Covington, he was under the impression that an excess of \$20,000 in cuts had been identified and that he had been told by the mayor that the clerical position would be funded. Mayor Helenberg stated those funds were intended to pay for the clerical position for an additional three months. Covington stated she understood that the chief was going to review his budget to see if additional cuts could be made to retain that position, past the first three month period.

Chief Heuer said that he found the process to be uncomfortable for him; with a short timeline prior to the Thanksgiving holiday. He felt that the numbers discussed at the staff meeting were not the same as what came before councilmembers. Mayor Helenberg stated the excess \$20,000 was incorporated into the ending fund balance, with the intent to use those funds to retain the police clerical position through the first quarter of 2012.

Chief Heuer also stated he feels his department is being targeted, and cited the design of the comparison spreadsheet as an example. Covington answered that Councilmember Teter had requested information on the actual operating costs for the police budget, minus those programs funded by grants. The comparison spreadsheet identifies grant related revenues associated with the police department's budget. Those revenues were then deducted from the budget totals to identify only operation expenses for each fiscal year.

Chief Heuer also questioned the difference between the 2011 allocated payroll expenses as compared with the 2012 payroll allocation; a difference of approximately \$46,000. Councilmember Pingree noted that the Salary Schedule shows the clerical salary to be approximately \$3603/month. Councilmember Queen noted that eliminating the police clerical position will require an officer to do that work. This will take the officer away from patrol.

Heuer stated the when the High School area was annexed into the city, it impacted the city by adding an additional 600 man hours to the workload. Heuer stated he now estimates the impact to be closer to 1000 man hours. He noted that the police clerical position has been funded since 1990. Work increased, but the department is going backwards. The city essentially has laid off one police officer position, which was able to be retained through a grant. The call load for Castle Rock is double that of Kalama and the department is impacted heavily by these issues. He worries that the amount of money spent for other services has been increased because his department is doing too good of a job. Heuer stated in 2002, the city received additional funding for being a high crime area and the city had the highest domestic violence rate (based on per capita), in the state. He feels the police force is a basic essential service.

Mayor Helenberg agreed that the police force is outstanding. The mayor stated he would welcome suggestions for other decreases in the budget. However other services cannot be cut further. The street department has limited resources and the mayor has contacted other cities that have cut funding for streets. Those cities regretted the cuts.

Chief Heuer stated he has never come before the city and requested funding for additional

police officers. And his department works to obtain grants to deal with shortfalls. Mayor Helenberg stated the only grant that directly assists in the budget issue is the COPS grant. The other grants fund new programs, and reimburse the additional overtime needed to meet the grant requirements. Heuer noted that partnering with the school on some of those grants allowed the school to qualify for over a million dollars in additional grant awards. Other benefits are building relationships with kids and reduction of juvenile crime. The mayor agreed that those grants have a positive effect within the community; however they do not serve to offset regular personnel expenses. Councilmember Pingree suggested the chief could fill in on additional patrols. Heuer responded that he has already worked fourteen months this year, with over 40% of that time being patrol.

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Councilmember Davis praised the department and encouraged the chief to make recommendations to reduce the budget expenses. He stated if Chief Heuer has concerns, then it is also a concern for our citizens. Davis stated he is aware that the clerical position requires certain certifications and the city may need to invest funds in training officers to do the clerical work. Chief Heuer stated he does not want to dictate how another department supervisor runs their budget and he values the relationship between the departments.

Councilmember Teter cautioned that the budget for 2013 also will not be easy. The city's finances should require a minimum fund balance of around \$180,000 to meet financial needs until property tax revenues are received. If sales tax revenues are strong, he would support retaining the police clerical position. Teter also praised the police department for their good work in the community.

Councilmember Queen stated the condition of the city streets were in worse condition twenty years ago and noted that the city has funded street repairs each year. He felt that other places beside the police department should be looked at for cuts. Helenberg stated that eliminating the only position in the Street Fund would require the city to use outside contractors to provide maintenance. This work includes replacement of stop signs, mowing, pothole repair, and snow removal. The mayor stated he has verification from Municipal Research and Service Center that work on the streets cannot be paid from proprietary funds such as any of the utility funds. Payment must be from either street revenues or the General Fund.

Mayor Helenberg stated current Street Fund employee is only funded 45% of total wages and benefits in that fund. The other 40% is from Stormwater, with the remaining percentage from DOT Spoil Site Fund.

Councilmember Teter stated cuts have already been made to planning services, parks and non-departmental expenses. Helenberg stated the proposed vacant position in the Street Fund will not be filled until April to further reduce costs. Vorse stated he has also reduced the Street Fund interfund transfer from General Fund by \$11,000.

Vorse stated there is a street repair projected budgeted in 2012. That project will be funded from Real Estate Excise Tax (REET) proceeds. The use of those funds is limited to capital projects which are included on the city's capital facility plan. In addition, Vorse added that the Safe Routes To Schools sidewalk project is grant funded.

In response to Councilmember Teter, Vorse stated revenue to support Street Fund operating expenses come from the gas tax and are supplemented by the General Fund.

In response to Councilmember Pingree's question, the mayor stated a budgetary amendment would be needed to provide for additional funding for the clerical position. The mayor noted that a better picture of revenue flows can be assessed after property tax revenues begin at the end of April.

Councilmember Teter stated the city needs to begin budget planning for a five-year increment, based on fixed costs. Even if the projections are off, the information provided would be better than what the city is doing now.

Covington said the city also needs to budget for the additional police position, once the COPS grant expires November, 2012. Councilmember Queen asked how the city is going to accomplish this task. Mayor Helenberg stated this will be discussed later. Covington stated sales tax revenues from the annexation are estimated and not known. For instance this year, the budget was dependent upon sales tax revenues from the annexation, which was not recognized by the State until the end of this year. The mayor noted that other losses in state-shared revenues were the result of a reduction in population based on the federal census results. The loss equated to 100 people. The annexation enabled the city to almost regain all of that population loss.

In answer to Chief Heuer's question, Covington stated property tax revenue impacts from the annexation are already identified in the budget.

Councilmember Pingree suggested initiation of a 'buy local' campaign.

Mayor Helenberg stated if the budget is not significantly changed, a vote on the second reading could be addressed at the December 27th council meeting. If council amends the budget significantly, additional meetings will be required prior to the December 31st deadline.

Councilmember Queen recommended that next year the council go back to being able to review the proposal prior to taking any vote. He stated he did not care about attending workshops; he just wants the ability to review it prior to asking for approval and have full involvement from the city council.

Mayor Helenberg again asked councilmembers and staff to voice comments or concerns over the budget at this time. He noted that all present were concerned over what is best for Castle Rock.

Mayor Helenberg asked Chief Heuer for any additional comments. The mayor stressed the importance of resolving and passing a budget prior to the end of this year. Chief Heuer stated he would entertain the offer to speak with the mayor, but there is no time to resolve issues or other options. The mayor felt that everyone is agreeable that it is a priority to find additional funds to support the police clerical position.

Mayor Helenberg stated the budget process is always difficult. He just wants to do what is best for the town.

There being no further discussion, Mayor Helenberg adjourned the workshop meeting at 7:25 p.m.

Mayor Paul Helenberg

Clerk-Treasurer