

0048 Mayor Pro-Tempore Greg Marcil called the budget workshop meeting of the Castle Rock City Council to order at 2:00 p.m. The following councilmembers were present: Earl Queen, Jack Reilly, and Khembar Yund. Councilmember Mask was absent and Mayor Barbara Larsen was absent due to illness. Others attending: Police Chief Bob Heuer, Sergeant Scott Neves, Public Works Director David Vorse, Clerk-Treasurer Ryana Covington, Howard Mason, Buck Savage, Roy Henson, Wayne Lunday and Barbara LaBoe.

0118 Covington denoted the following handouts that were distributed: September Fund File Report, outline listing all General Fund Revenue Sources (including RCW, current city rate, statutory rate and payment schedule), outline of Budget Review Committee recommendations for 2010 fiscal year, utility billing summary comparing rates in 2007 to currently adopted rates, summary of customer use percentages, outline of General Fund 2010 requests and percentages of each department, General Fund revenue quarterly comparison for third quarter totals of fiscal years 2005-2009 and 2008 fourth quarter revenue proceeds, Ending Fund Balance Projections for remaining 2009 fiscal year for all funds, 2010 Estimated revenue projections (General Fund, Street Fund, Arterial Street Fund, Library Fund, DOT Spoil Site Fund, Public Works Vehicle Replacement Fund, Water/Sewer Operating Fund, Regional Water System Fund, Regional Sewer System Fund, and Stormwater Management Fund), 2010 Expenditure requests (General Fund, Street Fund, Arterial Street Fund, Library Fund, DOT Spoil Site Fund, Public Works Vehicle Replacement Fund, Water/Sewer Operating Fund, Regional Water System Fund, Regional Sewer System Fund, and Stormwater Management Fund).

Covington stated that the mayor's committee reviewed original estimates and projections submitted by the department supervisors and made several recommendations for changes as outlined below:

FUND/DEPT	ORIGINAL REQUEST FOR 2010 BUDGET	COMMITTEE RECOMMENDED CHANGE	REASONS/ COMMENTS/ DISCUSSION
GENERAL FUND REVENUES	Local Sales/Use tax; \$285,000	Increase Estimate to \$300,000	Revenue Changes recommended from 10/8 committee meeting have been included on estimated revenue report
	Utility Tax-Gas; \$10,000	Increase tax from 5% to 6%; \$12,000	
	Utility Tax-Telephone; \$60,000	Increase tax from 5% to 6%; \$72,000	
	Utility Tax-Electric; \$61,000	Increase tax from 5% to 6%; \$73,000	

GENERAL FUND REVENUES, continued	Utility Tax- City Utilities; \$55,000	Increase tax from 5% to 6%; \$66,000	Revenue Changes recommended from 10/8 committee meeting have been included on estimated revenue report.	
	Business License/Permits; \$12,000	Keep business license fee the same rate as 2009. Recommend to continue not to charge community events (Mtn Mania vendors a business license for that day) Increase revenue to \$13,000		
	Building Permits; \$25,000	Increase permit fees to 2% less than charged by the County; increase revenue to \$30,000		
	WASPIC Traffic grant; \$0	Increase to \$1140		
	WASPIC Sex Offender Grant; \$0	Increase to \$1000		
	WASPIC Seat Belt Grant; \$0	Increase to \$1100		
	Wa Traffic Safety Grant; \$0	Increase to \$1000		
	City Assistance; \$5000	Increase to \$21,000		Per Department of Revenue
	Liquor Board Profits; \$12,000	Increase to \$14,000		Per MRSC Revenue Guide
Estimated beginning fund balance; \$157,000	Increase to \$205,000	Will continue to monitor expenses; amount of estimate may change.		

623 In answer to Ms LaBoe's question, Councilmember Queen stated when the committee initially convened to review 2010 budget proposals, the General Fund expenses exceeded anticipated revenues by \$260,000. Queen stated currently

only \$54,000 of that General Fund deficit remains to be resolved at this meeting.

Covington suggested councilmembers discuss the above listed changes which were recommended by the committee for revenue adjustments.

In answer to Councilmember Yund's question regarding the pie chart for General Fund appropriation requests, Covington stated that department appropriation requests for 2010 is Executive 4%, Municipal Court 6%, Finance 10%, Police 57%, Park 2%, Building/Planning 7% and Non-Departmental 14% of the total General Fund proposed budget.

Covington stated she projected \$285,000 in revenues for 2010 sales and use tax funds; the committee is recommending that projections be increased to \$300,000

Covington noted the committee also recommended that utility taxes be increased from 5% to 6%, which is the statutory limit. The city's rate for sales and use tax is currently at the maximum rate allowed.

**Business license fees:** The committee also recommended leaving the business license fee at the current adopted rate. Vendors exhibiting during approved festivals, such as Mountain Mania will not be required to obtain a one-day business license because they are included within the scope of the festival.

**Building permit fees:** increase to 2% less than 2010 charges for Cowlitz County. The committee also recommended the revenue projections for the year be increased from \$25,000 to \$30,000, noting that CAP will be completing an additional seven new homes in 2010 and they felt that the Verhasselt subdivision should be ready to sell lots for new construction.

**Ending Fund Balance:** the committee has amended this projection to \$175,000 and recommends continued monitoring of General Fund finances.

1711 **Committee recommendations for General Fund departments:**  
Executive Department: eliminate funding for janitorial services in the amount of \$3409. Covington noted this expense has not yet been eliminated from the report totals distributed at this meeting. In answer to Councilmember Marciel's question, Councilmember Queen stated that individual departments would clean their own offices and public works personnel would clean the restroom facilities. Public Works Director David Vorse requested more discussion on this issue.

Municipal Court: The city attorney has reviewed the proposed reductions and his only concern is that reduction of jail costs should not be a problem unless the city receives costs relating to some of the mandatory jail term statutes.

Finance Office: Staff is currently completing an assessment of duties as

compared to how costs are shared between funds. The staff cost distribution may be amended based on those results.

Police Department: elimination of part-time law enforcement position.

Park Department: Park Plan update cost is shared 1/3 Park Department and 2/3 DOT Spoil Site Fund. The delineation of costs were based on the number and size of the parks funded in each position.

Play areas at Coldwater Park and Memory Lane Park are in need to additional bark chips. The committee did an assessment of the possibility of using pea gravel in place of the bark chips. To comply with ADA standards, the chips are required. For this reason, the committee is recommending purchasing only a truck load of the chips and dividing that load between the two areas, as needed.

Building/Planning Department: As noted earlier, the committee recommends increasing fees for building permits.

Non-Departmental: The only interfund transfer would be \$2800 from General Fund to the Water/Sewer Fund to offset services provided by that department to the general city operations (such as maintenance of City Hall property).

- 2509 Covington stated most of the projects and equipment purchase requests were deleted from the Street Fund, including Portable Radios (\$800) and a street project (\$35,000). The only recommended outlay request is for this fund's contribution toward the city-wide computer software upgrade (amount of \$4311). In addition, the committee recommended reducing contracted roadside work to \$1200 total. Covington noted that revenue projections for this fund are approximately \$33, 000 for the year, with requested expenses exceeding \$76,000.

Arterial Street Fund: one public works position will remain on reduced hours. Funding for the entry feature (\$60,000) was eliminated unless other means become available. The committee also suggested reducing the appropriation for street striping (\$4300), however the city attorney would need to be consulted to ascertain if this creates any liabilities. Councilmember Queen also suggested reducing the use of contracted labor for roadside maintenance. This maintenance includes weeding and spraying.

Exhibit Hall: the committee recommends participating in the AWESOME brochure which is developed by Cowlitz County tourism personnel.

Library: The librarian has requested reinstatement of the part-time librarian position that was eliminated this year due to the failure of the excess levy. Other discussions within the committee included the building condition, building maintenance needs, and merging the library location with the Exhibit Hall location. No recommendations were made on any of these added discussion

items.

Accumulative Reserve Fund: The committee recommends that no transfer be made into this fund for 2010.

DOT Spoil Site: Project includes placement of bark chips at playground areas and this fund would require 2/3 of that cost. Another project is updating the Park Plan. The committee's recommendations on these issues are the same as noted for the Park Department.

Purchase of security cameras (\$5,000) was deleted from capital outlay.

Skate Park donation: over the past several years, the city council has pledged to match donated funds for purchase of additional equipment or upgrades. As of this date, approximately \$2000 has been donated for this project. The committee recommends that the city fulfill this commitment in 2010, based on the accrued donations and then discontinue the city's match offer.

Security cameras (\$5,000) delete from budget

Upgrade the maintenance access road (Warren Street to B Street) to allow more access for fishing. Committee recommends the funding request be reduced to \$3300 for rock only and then find a volunteer to grade the area. Councilmember Queen felt that adequate road access exists, and probably would not require any funds for upgrades. He does feel that the city should open up more accessible river access areas. Vorse noted this access road is adequate in dry weather. Councilmember Queen said the city could close off the access road during times when it is not usable. Wayne Lunday suggested the city consider trading services for equitable value of the dredge spoils.

Re-roof picnic shelters at Lion's Pride Park; the committee recommended to do only two of the four shelters in 2010 and use volunteer labor. This would reduce the cost of the materials to \$600 (\$300 each shelter).

Covington stated the committee also recommended reductions to the following: small tools (\$3200) – reduce to \$2000; professional services (\$4500) – reduce to \$500; contracted repairs (\$4500) – reduce to \$3000 and miscellaneous expenses (\$1000) – reduce to \$500. In answer to Mr. Mason's question, Vorse stated that contracted repairs include vandalism repair or other types of repair that cannot be completed by city personnel.

Covington stated that councilmembers have discussed formation of a committee to review and recommend user fees for the boat launch facility. For this reason, revenue estimates for this fund do not include projections of these fees.

4034 Public Works Vehicle Replacement Fund: Covington stated projected revenues

include a \$3000 contribution from each of the following funds: Water/Sewer Fund, Regional Water Fund and Regional Sewer Fund. As noted earlier, the committee recommended that no contribution be made from the Street Fund.

Expenditure requests include purchase of a used 10-yard dump truck for an estimated cost of \$30,000. Covington stated the committee recommends that the city write bid specs and solicit locally for this purchase, instead of using State bid processes. In answer to Mr. Mason's question, Vorse stated he is seeking a used vehicle with low maintenance costs. Councilmember Queen stated he is aware of a dump truck being offered locally at a cost of \$13,000 and for this reason he wanted the city to go through a local bid process.

4130 Low Income Housing Fund: The city council has initially suggested that these proceeds be used to assist low income residents with utility bill payments. The committee suggested contacting Cowlitz-Wahkiakum Council of Governments to assist in writing guidelines to comply with State law for use of these funds.

4180 REET (Real Estate Excess Tax) Fund: The committee recommended use of these funds be determined in 2010, when more revenues are received.

4194 Water-Sewer Operating Fund: Covington stated some councilmembers have suggested the city abandon the existing billing rate structure and go back to the structure adopted in 2006. The committee developed a comparison between the impacts for the two rate structures, which was distributed at this meeting.

Water Expenses: replacement of meters by public works personnel at a cost of \$200 each meter (total budgeted \$15,000). Councilmember Mask suggested the appropriation be increased to \$30,000 to allow for more meters to be installed and for allocation of contracted labor to install the meters. In answer to Councilmember Yund's question, Covington stated that increasing the appropriation to \$30,000 would probably affect customer rates.

Water main replacement: \$30,000

Covington stated that Councilmember Mask had suggested the city not pay off the \$300,000 loan from the county. He suggested the city retain those funds, (if the county agreed), and use those funds for city water main replacement projects. Covington stated if the county loan is not repaid this year, the impact of the debt would affect customer utility rates in 2010.

Side - B

4306 Covington stated the city is waiting until Rural Development finalizes paperwork on the city's \$300,000 loan. This loan was to replace the short term loan from Cowlitz County for the Water Treatment Plant reconstruction project. Repayment of the county's loan is included in expenditure projections for 2009.

4460 Sewer Expenses: the committee recommends purchase of grinder pumps for the Westside sewer pump station to help reduce maintenance costs for that facility, when the city takes ownership of the system. The estimated cost of the grinder pumps is \$35,000, which could be financed from the \$30,000 that will be received from Cowlitz County as a portion of the system transfer.

Other expenses include Sewer inspection program (2/3 cost at \$8000). Implementation of this program is a requirement of the city's insurance carrier.

Regional Water Fund: The Chlorine Analyzer replacement (\$3500) and the Chemical pumps replacement (\$12,000) projects have both been deleted from the original budget requests because they will be completed in 2009, as part of the Water Treatment Plant reconstruction.

Security cameras (\$2500) have been deleted from the equipment request.

Proposed water main replacement project; Woodard-Cowlitz View Court; estimated cost of \$25,000.

Vorse explained that a few years ago, councilmembers asked that he track costs requiring an electrician control specialist. Between the two treatment plants, the intake structure and the projected needs at the sewer lift station, these costs are exceeding \$100,000 each year.

It is recommended that the city create a new position, Electrician/Control Specialist (estimated at \$62,000/year plus benefits), with costs being shared between the Regional Water Fund, Regional Sewer Fund and the city Sewer Fund. Vorse stated the costs for the added employee appear to be the same as being spent for contracted services. The added benefit would be that the city would have an additional employee that would be able to work on other public works projects, when electrical work is not needed.

In answer to Covington's question, Vorse stated that average costs requiring an electrician are approximately \$60,000/year at the Regional Water Treatment Plant and \$50,000 to \$55,000 at the Regional Sewer Treatment Plant. Vorse estimated that of these costs approximately \$10,000 were for materials.

In answer to Mr. Lunday's question, Vorse stated this would be a full-time position and the employee would also be responsible for obtaining certifications for plant operations. Mr. Lunday suggested an alternative would be to hire a person part-time and to share their time with other entities such as Vader and Winlock. Vorse stated this had been discussed, however it was difficult to find a specialist with the unique qualifications required to work on treatment plant controls. Lunday stated he would not like to see a \$50/hour employee doing work that could be done with lesser pay. Vorse stated the majority of the work would be electrical maintenance, with the city having the bonus of the extra manpower,

if needed. In answer to Mr. Mason's question, Vorse stated the position would be paid monthly; the same basis as the other public works personnel, which includes overtime pay if necessary. This would be a new classification in the collective bargaining unit. Mr. Mason's question this would be a 'junior position' if there was a need for employee layoffs in the public works department. Vorse explained that layoffs are based on classification and need.

Covington stated loan requirements from the Rural Development funding include the development of two water capital funds, requiring yearly interfund transfers from the Regional Water Fund.

5153 Regional Sewer Fund: Committee recommends deletion of the security camera purchase (\$2500) and funding of the new electrician/control specialist position discussed in more detail above.

5153 Stormwater Management Fund: The committee recommends the city attempt to save \$12,000 per year to fund the next levy certification, which will be due in five years. Covington stated this would require an increase in the stormwater rates.

Vorse noted that the \$5,000 requested to be allocated for tree removal could be stricken from the proposed budget, if the work can be completed this year. The tree removal is required for the levee certification this year.

5253 Regional Water Capital Improvement Fund: The committee recommends that the proposed intake telemetry project (\$60,000) be postponed for further discussion in 2011. This fund was used extensively in 2009 to fund a portion of the Water Treatment Plant reconstruction project.

5273 Covington stated the public works director has requested a City Water Capital Improvement Fund be developed. Revenues for this fund would be derived from system development charges that are currently being recorded within the Water/Sewer Operating Fund. System development charges are received when new services are installed. Development of this new fund would create a separate capital account for city water utility projects.

Covington noted the city already has a Regional Sewer Capital Improvement Fund which receives system development contributions from new construction. When the Westside utility services are obtained by the city, this fund will be renamed the 'Sewer Capital Improvement Fund' and any new system development charges will be recorded there.

Vorse explained these capital funds allow the city to complete capital projects, without having to borrow funds. He provided examples of how the city has been able to use this resource.



5474 Vorse stated that this year the Street Fund used the \$40,000 beginning fund balance to offset revenue shortages to meet their expenditure needs. In 2010, it is anticipated there will be a \$6,000 beginning fund balance available from 2009.

Vorse suggested that councilmembers use a portion of the estimated beginning fund balance from the Arterial Street Fund as a transfer to the Street Fund to increase the projected revenues.

Councilmembers reviewed the Street Fund revenue estimates and projected expenses. Revenue estimates for fiscal year 2010 include a beginning fund balance of \$3992 and motor vehicle fuel tax revenues of \$30,000. The expenditure requests total \$76,852, without allocations for an ending fund balance. This is a shortfall of \$42,860, if council chooses to use all revenue sources for that fund in 2010.

For budgeting purposes, Vorse stated that motor vehicle fuel tax revenues are currently divided between the Arterial Street Fund and the Street Fund, but these revenues can be used equally for street management needs. He asked council if they would consider transferring some of the Arterial Street revenues to the Street Fund. Vorse noted that one employee is funded through the Street Fund.

Covington stated the Arterial Street Fund estimated ending (non-appropriated) funds are estimated to be \$13,979 at the end of 2010 fiscal year. However, she noted, the use of the non-appropriated funds estimated for the Arterial Street Fund would result in depleting all beginning revenues for both the Street Fund and the Arterial Street Fund and will need to obtain funds from the General Fund for fiscal year 2011.

Covington stated if council uses the Arterial Street Fund non-appropriated amount to partially offset the Street Fund deficit, there would be a remaining amount of \$28,881 that will either need to come from the General Fund, or the council will need to reduce expenses for a balanced budget.

Covington stated the Cowlitz Street West project is funded by grants and a \$50,000 loan from Cowlitz County. The revenue sources and proposed expenses for that project are found within the Arterial Street Fund.

5958 Councilmember Marcil summarized that General Fund deficit is estimated to be \$54,497 and the Street Fund deficit is estimated to be \$28,881 (if council uses Arterial Street revenues), for a total deficit of \$83,378. Covington stated this is what she was trying to convey when council was discussing the Pioneer Avenue project at the October 12<sup>th</sup> meeting. Councilmember Marcil stated he felt the \$19,000 appropriated for the Pioneer Avenue project was money that the city would not have had, if Dr. Kennington had not requested the street vacation. The city was able to take this unexpected proceed and complete a much needed project.

Councilmember Queen stated he felt the budget still needs to be balanced and not spend the funds. Councilmember Marcil stated even if the \$19,000 were retained for next year, the council would still be facing a deficit of over \$64,000.

Vorse stated he cannot see where further reductions could be made within the Street Fund. Vorse suggested councilmembers review General Fund revenue sources before looking at further expenditure reductions.

Covington added that a portion of the committee's recommendations relies on whether the city can change insurance carriers to reduce the mandated expenditure impacts from the city's retired LEOFF I police officers. The committee is estimating that changing insurance providers will save the city approximately \$58,000 in 2010. The city is currently negotiating this issue with the three collective bargaining units. In answer to Councilmember Marcil's question, Chief Heuer stated that all members of the police department must agree to the provider change and then a smaller percentage of the other employees are needed.

Wayne Lunday, Quaipe's Insurance noted that last year he presented a proposal to the city that he feels would save the city approximately \$65,000 to \$69,000. In addition, his proposal included a possible dividend payback, if the group remains healthy. He stated that he would like to be included in further discussion this year. Councilmember Marcil noted the city has already chosen to offer employees health insurance coverage through Association of Washington Cities RMSA health insurance policies. In addition, the city has already completed negotiations with the public works bargaining unit to accept this coverage and have almost completed negotiations with the police bargaining unit.

Mr. Lunday felt that his policy offered stronger benefits and was almost \$70,000 less expensive than the AWC RMSA plan. Councilmember Marcil added that Mr. Lunday's proposal did not include the LEOFF I retirees in the insurable package, they would still need to be covered by separate insurance coverage. Covington summarized that over the past year, a mayor appointed committee reviewed various medical insurance proposals. The committee then held a meeting attended by both Mr. Lunday and a representative from AWC RMSA to allow both providers to discuss and compare policy provisions and to answer questions from the committee. The results of those discussions were presented to the city council and councilmembers chose AWC RMSA as the provider to offer in upcoming negotiations.

- 6359 Councilmembers reviewed General Fund revenue estimates. Vorse stated the sales and use tax revenue estimated by the clerk-treasurer was \$285,000. The committee recommends increasing the estimate to \$300,000. Covington noted that the committee's recommendations for all revenue increases are already included in the General Fund handouts distributed at this meeting. Vorse sug-

gested the estimate be increased to \$330,000, based on revenues received in 2008. He concurred that the year to date revenues are less in the current fiscal year than they were at the end of the 2008 third quarter, but he questioned if there will be a \$35,000 reduction by year-end. Covington suggested councilmembers review the General Fund Quarterly Comparison Report that provides third quarter year to date totals for the fiscal years 2005 through 2009. This report also includes 2008 fourth quarter totals received for each General Fund revenue source. She noted the 2009 sales and use tax revenues for third quarter are over \$9,000 less than received during the same period in 2008 and she stated that winter months are usually a slow period for local businesses. Vorse stated a \$9,000 reduction in revenues still would provide \$330,000 at year end for sales and use tax revenues. Mr. Mason suggested that last year the economy was not as bad as this year. Vorse agreed that sales and use taxes are a volatile projection. Covington noted that in 2009, more businesses have closed in the city's main business district. In addition, the recent county assessor's foreclosure list show the property owner of a major business strip is facing foreclosure due to nonpayment of property taxes. Currently four active businesses are located in this business strip. By consensus, councilmembers agreed with Vorse's recommendation to increase the projection for sales and use tax to \$330,000 for 2010.

- 6579 Vorse also recommended councilmembers increase the revenue projection for building permit proceeds from the committee's recommended \$30,000 to \$35,000. He cited this was also a volatile revenue source that is directly related to the issuance of building permits within the city. Vorse stated the year to date revenues are \$32,800. He noted that Lower Columbia Community Action Self Help Housing program will be building seven new homes in 2010. In addition, the Lois Dye subdivision should be completed in 2010, and will have vacant lots for sale. Vorse felt this increase is legitimate, especially since the council is also proposing to increase the building permit fees for 2010.
- 6679 Vorse stated Park Department expenses can be reduced by deferring work on the Park Plan update until 2011.
- 6689 Councilmember Yund questioned the increase to the proposed Ending Fund balance from \$150,000 (originally adopted in 2009) to \$175,000 (proposed for 2010) for non-appropriated expenses. Covington stated the outline provided to councilmembers compares the proposed revenue sources (excluding the beginning fund balance) to the 2010 estimated expenditure appropriation requests.

Tape 2 of 2

Side - A

- 0015 Councilmember Reilly stated the proposal from Covington identifies the actual revenues to the actual expenses, as was recommended by the State Auditor.

Councilmember Yund felt that discussion regarding the non-appropriated estimate needed to be included in the budget discussion. Covington stated that the

estimated Ending Fund balance is denoting non-appropriated expenses. The summary outlining the General Fund deficit compares appropriated expenses; those that council is allowing, with revenue estimates. Councilmember Yund felt that if revenue estimates are underestimated, like Vorse is suggesting, then the total budget will be affected if the non-appropriated amounts are increased. In answer to Councilmember Yund's question, Covington stated if the estimated beginning fund balance is \$205,000 and the anticipated ending balance is \$175,000, then the city council already will be intending to use \$30,000 of the beginning fund balance – if all revenue projections are realized and all appropriations are expended. Councilmember Marcil added that the State Auditor wants the city council to adopt a budget that does not use any reserve amounts. Councilmember Yund noted that in 2009, the city's estimated beginning fund balance was \$169,037, however the actual amount brought forth into this fiscal year was \$209,441; a difference of \$40,000. Covington stated the reasons for this difference was provided to council in their January 2009 report. More funds were brought forth because of the large property tax payment received in December and the fact that not all appropriated expenses were used. In answer to Councilmember Marcil's question, Covington stated she hopes that not all of the appropriated expenditures will be used this year, however expenditure estimates cannot assume this to be the case. Estimates must be based on what the city council has allocated to be expended for the year.

Councilmembers Marcil and Reilly agreed that city council must adopt a budget that does not use any further reserve fund balance for General Fund. Councilmember Yund still felt that the estimated Ending Fund balance should be reduced. He supported a slight increase of the \$150,000; possibly by splitting the proposed increase amount. Councilmember Reilly reminded councilmembers of the shortfall in 2008. Councilmember Marcil stated if alternatives are not found, then the city will need to look at reductions in staff. All councilmembers agreed that they would like to avoid further staff reductions, if possible.

1020 Councilmember Yund suggested that in fiscal year 2010, the city may be able to entertain annexation requests and this will bring in additional resources to the city.

1110 Vorse stated he could offer \$3600 to \$4000 of expenditure reductions in the Street Fund.

Vorse noted that \$30,000 is included in the zoning expenses (Building and Planning Department). He asked if these costs could be reduced. Covington stated this is for the city planner's services to assist developers and residents with planning issues and administration of the zoning regulations. It would include services such as assisting with annexations, staff assistance, attending Planning Commission meetings and review of building permits for zoning compliance. In answer to Vorse's question, Covington stated that while there are fees associated with some zoning services (such as variances, annexations, Hearing Examiner

reports, etc), these fees do not cover all costs associated with planning services. As an example, the city has requested that a committee be formed to develop information pertaining to annexation of the Westside area (High School, Green Acres). The hours of work completed by the city planner would not be covered by any fees. Fees only come into effect when an active application is received. Vorse stated that cost as of the end of September are only \$10,912 – he suggested that even taking a monthly average of those costs would not come near to the amount budgeted in 2009. Covington stated that planning and building costs are directly related to the need for those services and cannot be estimated as Vorse is proposing. Covington stated the city council could always amend the budget if service needs increase, however the city council may need to make adjustments in other areas to find the resources to pay for the needed planning service costs. Vorse suggested that council could increase planning related fees. He acknowledged that the city will need to be mindful that adopting very high costs could drive developers away from our city. Covington stated the budget committee met with the city planner to discuss planning needs, service costs and fees. Committee members were told that even Cowlitz County Building and Planning are only able to recoup 15%-20% of their total costs from service fees.

Vorse suggested that the planning service allocation be reduced by \$10,000 for a total allocation of \$20,000 for the year. Councilmembers agreed to accept Vorse's recommendation for the reduction.

Covington explained what services the city receives from their payment of Cowlitz-Wahkiakum Council of Governments (CWCOG) fees. She stated that the city's current membership fee is \$4200. CWCOG board of directors have not started their budget discussions and so the estimate included in the city's 2010 budget (\$5800) will probably be changed. Councilmembers reduced the 2010 expenditure estimate to \$4500 instead of the \$5800.

2347 Councilmembers summarized amendments to be made to General Fund estimates:  
Revenues:

Increase Sales and Use Tax projection an additional \$30,000 (\$330,000 total)  
Increase building permit projection and additional \$5,000 (\$35,000 total)

Expenditures:

Decrease zoning regs/land use admin from \$30,000 to \$20,000 appropriation  
Decrease CWCOG dues from \$5800 to \$4500

2621 Howard Mason questioned expenses and 2010 appropriation requests within the Police Department for photographic supplies, small tools and minor equipment and vehicle repair/maintenance costs. He felt that reductions to these areas could be considered. Sergeant Neves explained that part of the funds attributed for photographic supplies fund replacement programs for the digital cameras.

Councilmember Marcil and Howard Mason questioned allocations in the Police

Department pertaining to vehicle repair and maintenance costs.

Chief Heuer stated he has identified \$11,000 in expenditure reductions for fiscal year 2010. He will provide that list to the clerk-treasurer. Heuer stated that the \$70,000/year grant for the COPS program has already provided a large reduction of costs to the General Fund.

Heuer noted that costs within his department can fluctuate rapidly. He added that he has six vehicles in his fleet, two of which have over 125,000 odometer miles. Heuer stated all of the police department vehicle replacement is funded through the 1/10<sup>th</sup> of 1% sales/use tax funds. He hopes that next June the city will further assess their financial status.

- 3416 Vorse suggested eliminating the allocation for street striping (Arterial Street Fund), provided the city attorney does not feel this will create a liability for the city. (Cost savings of \$4500). This will allow an additional transfer to the Street Fund; for a total transfer of \$17,500.

Vorse also offered to reduce an additional \$3500 from the Street Fund allocations.

Chief Heuer suggested the building repair/maintenance allocation for City Hall building be reduced by \$1,000 for a total 2010 allocation of \$1,000. Councilmembers noted that two years ago staff had informed council that the roof at City Hall is nearing its longevity and should be replaced. In answer to Mason's question, Covington stated that the estimate obtained two years ago was approximately \$15,000 to \$18,000. Councilmember Queen stated the city cannot afford to do that project.

Councilmembers discussed alternatives to meeting the fiscal needs of the Street Fund.

- 4239 Covington stated \$2,000 can be reduced from the Executive Department salaries (General Fund) because this estimate is based on councilmembers attending four meetings/month for the entire year. Historically councilmembers have not needed to attend that many meetings. Councilmember Marcil added that the process of having budgets reviewed by a budget committee reduces the number of meetings necessary for the full council to attend.
- 4342 Councilmember Marcil asked if councilmembers wanted to increase the beginning fund balance estimation to a total of \$225,000 (Clerk-Treasurer's estimate: \$205,000). Both Councilmembers Yund and Marcil stated they felt it is important to retain the \$19,000 for the Pioneer Avenue overlay project and not use those funds to balance the Street Fund shortfall. Councilmember Queen agreed with Yund and Marcil. Covington stated this was a council decision, however if the funds are not realized, the city does not have the reserves to support any deficit, such as what happened in 2008.

Councilmember Reilly and Queen stated if there is a shortage at the beginning of the year further budget cuts would be needed. Councilmember Queen stated he is confident that the city will get the money and he felt this will resolve the budget needs.

- 4746 Vorse asked that the funding for the janitorial services be retained. He stated that his department could clean the restrooms, but voiced concern that other areas would not be attended to. He felt that the benefits of this position justifies the \$3400 expense for the part-time position. Councilmember Marcil felt it would cost the city more if they contracted for this service. Both Councilmembers Marcil and Queen supported retaining this position.

Side - B

- 5019 Chief Heuer advised that his position is not covered under an employment contract. He asked councilmembers to consider allowing his position to obtain the same cell phone stipend as what is offered by contract to the police sergeant position. Councilmembers Marcil and Yund agreed that the chief should be provided with the same benefit and asked that this issue be included on the next council agenda.

- 5111 Vorse added that all three collective bargaining contracts provide for the accrual of more sick hours than what non-bargaining employees receive. He felt there should be more equality in this benefit.

Vorse also stated that bargaining units accrue vacation benefits on a monthly basis, however supervisory staff only accrue on their anniversary date. Chief Heuer agrees that it would be more equitable for non-bargaining personnel to accrue vacation benefits on a monthly basis, which provides the same benefit as bargaining personnel receive.

Councilmembers Yund and Marcil suggested the department supervisors provide a list of these issues for council consideration at a regular meeting.

- 5339 Covington asked councilmembers if they are considering changing the rate structure for the water/sewer utility. Councilmember Marcil felt the current structure is serving the purpose, which is to promote conservation of services and to reduce (or eliminate) the impact of water revenues being used to support sewer service costs. Councilmember Queen stated he had just requested the data information between the two rate structures. By consensus, councilmembers agreed to retain the current rate structure to give more time for statistical data to be developed. Councilmember Yund noted that 35% of the city's customers use 600 cubic feet of water or more, which is the same under both rate structures. Councilmembers discussed the utility rate impacts on users. Councilmembers directed staff to prepare utility budgets that do not require increases to the utility rates.

5830 Meeting adjourned at 4:48 p.m.

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Greg Marcil, Mayor Pro-Tempore

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Clerk-Treasurer