

- 0005 Mayor Barbara Larsen called the Regular Meeting of the Castle Rock City Council to order at 7:37 p.m., followed by the Pledge of Allegiance. The following councilmembers were present: Khembar Yund, Greg Marcil, Julie Bean and Ed Smith. Councilmember Jeff Skeie was absent.
- 0044 Councilmember Bean made a motion, seconded by Yund to approve the minutes of the October 23, 2006 Budget Workshop meeting. By roll call vote, unanimous 'Aye'.
- 0066 Councilmember Bean made a motion, seconded by Yund to approve the minutes of the October 23, 2006 Regular Council meeting. By roll call vote, unanimous 'Aye'.
- 0134 Dwight Johnson, 1670 Huntington Avenue South, requests a leak adjustment for multiple months. He explained that the water line between the meter and the house has broken twice in the last six weeks. He added that this same line broke three years ago. These incidents have resulted in a major water loss for the renter. Johnson is attempting to convince his landlord to replace this line.

Councilmember Smith voiced concern that the landlord is not properly maintaining this property. Given that the renter has responsibility to pay for any water loss there is no incentive for the landlord to make the necessary repairs and he felt this was not fair to the renter.

City Attorney Tom O'Neill pointed out that the lease may contain habitability language that holds the landlord responsible for maintenance issues.

In response to a question from Councilmember Smith, Clerk-Treasurer Ryana Covington reported that the eligible adjustment for the first break, affecting the September and October billing cycle is \$709.27. November usage has not yet been determined which will establish the loss accrued during the second break.

Councilmember Smith stated that if the property owner was requesting the leak adjustment, Smith would not be in favor of approving, due to the substandard repairs that have taken place on this water line. However, the renter is the one responsible for this bill, not the property owner.

- 0540 Councilmember Smith made a motion, seconded by Yund to permit a utility adjustment to Dwight Johnson, 1670 Huntington Avenue South, for \$709.27 plus any eligible adjustment in the November billing cycle. This is the last adjustment that this property is eligible for, until a total replacement of this failing water line is completed. Prior to the replacement of the line, the property owner must obtain a plumbing permit application from the city building department. When work is

completed, a final approval from the Building Inspector must be obtained.

During discussion: In response to a question from Councilmember Yund, O'Neill stated that the City agreement is with the tenant for this service therefore the tenant is solely responsible for this cost. The tenant can pursue the landlord in an effort to recoup this expense.

Vote on motion: By roll call vote, unanimous 'Aye'.

0788 Mayor Larsen closed the regular meeting at 7:47 p.m. and opened the public hearing to take testimony on a proposed budgetary amendment to create a special revenue fund, entitled, "Local Criminal Justice" for revenues and expenditures proportioned for law enforcement purposes derived from 1/10th of 1% sales tax revenues, in accordance with RCW 82.14.340 for the fiscal year ending December 31, 2007. Covington reports that the 1/10th of 1% is special revenue designated for law enforcement use that has been going into the General Fund. Creating a new fund entitled "Local Criminal Justice" will assist in tracking those expenditures. When the new fund is approved, the General Fund budget will be amended to forward those revenues and expenditures into the new Local Criminal Justice fund. There being not public input, Mayor Larsen closed the Public Hearing at 7:51 p.m.

Mayor Larsen opened the public hearing at 7:51 p.m. to take testimony on the final budget for the City of Castle Rock for the fiscal year ending December 31, 2007, including an increase in water and sewer rates.

Covington provided an overview of the budget summary for fiscal year ending December 31, 2007, which includes personnel costs, capital outlay, project costs and other factors relating to significant changes in expenses. The proposed budget for fiscal year 2007 is \$9,490,011.

Covington stated that the budget reflects priorities cited by councilmembers during budget workshop meetings. These include: 1) retention of employees, 2) a General Fund ending balance between \$150,000 and \$200,000, 3) completion of existing projects and 4) infrastructure improvement.

She also noted that councilmembers requested staff work to keep utility rates to a minimum, and recommended that any rate increase not exceed 4%. Covington stated that staff was unable to meet the 4% limitation due to increases in benefits and personnel salaries. For this reason, staff recommended an 8% increase for both water and sewer rates.

Other notable areas included in the 2007 proposed budget include the following:

Personnel – Wages

4% increase for Public Works employees (per CBA)

2% increase for custodial services

2% increase for Exhibit Hall Director
4% increase for Public Works Director and Clerk-Treasurer
4% increase for clerical staff (finance, public works and police) – (CBA is unresolved and this may need to be amended)
\$550/month increase for Police Chief
\$463/month and \$640/month increase for police officers – (CBA unresolved)
\$1240/month increase for Sergeant position – (CBA unresolved)
2% increase for library staff

Note: A committee has been formed to review salaries for the Public Works Director and Clerk-Treasurer positions. This committee has not yet met and therefore no recommendations or estimated increases are reflected in the budget.

Personnel – Benefits

PERS Retirement: increased from 3.5% to 6.64% for employer contribution (based on gross wages) – this is an increase of 89.71%
LEOFF Retirement: increased from 4.87% to 5.35% for employer contribution (based on gross wages) – this is an increase of 9.85%
OTET Medical/Life/Dental/Vision: estimated 15% increase – actual cost increases will not be available until the end of November.

FUNDS:

Executive Fund

\$1500 for purchase of three legal sized file drawers.

Municipal Court

Expenditure increases in offender services fee (\$2500), attorney fees (\$5000) and jail costs (\$7000)

Finance Office

\$4500 increase in travel for clerk's certification training

Police Department

\$6000 increase in vehicle repair/maintenance

This is for repairs to the Police Chief's car

Fire Department

Expenditures in fund significantly eliminated due to city annexation into Fire Protection District #6

Park Department

\$700 to replace the picnic table on 'The Rock'

\$1350 increase to replace the bark at the park located behind City Hall

Non-Departmental

\$14,000 for regularly scheduled State mandated audit

\$5400 to reformat municipal code and to make available on-line, including maintenance contract

\$5000 for city work force to prep and paint City Hall
\$11,000 increase in insurance coverage for LEOFF I retirees
\$9000 upgrade the payroll and general accounting operating programs to Windows based. The City has received notice from the programming company that they will no long support the current DOS based system.

Interfund transfers: \$104,900 to Street Fund (Fund#100)
\$49,500 to Arterial Street Fund (Fund #110)
\$2246 to Library Fund (Fund #130)
\$2500 to Accumulative Reserve Fund (Fund #150)
\$2800 to Water/Sewer Operating Fund (Fund#400)

Street Fund (Fund #100)

\$425 purchase of a Weedeater
\$22,000 for overlay street project
\$7500 chip seal gravel streets

Arterial Street Fund (Fund #110)

\$3000 chip seal 200 block of Cowlitz St West & 100 block of 3rd Avenue
\$7000 downtown parking Phase 1; grading and rock
\$1500 contract with Cowlitz County Work Release for roadway maintenance
\$20,000 Phase 3 – entry feature
\$139,000 Front Avenue sidewalk project - funded by \$110,000 DOT grant

Library (Fund #130)

\$608 General Fund transfer to recoup property tax reduction due to court-ordered Qwest reimbursement and \$1638 General Fund transfer due to budgetary shortfall attributed to benefit increases

Local Criminal Justice (New – Fund #145) 1/10th of 1% Sales Tax Revenues
For Law Enforcement

\$10,000 Phase 2 Police Office Remodel
\$14,000 Annual lease cost for new patrol unit
\$1,440/year for Sprint Air Card access contract – Cascade Networks
\$110 Sprint Air Cards
\$2800 E-ticket equipment for four patrol cars
\$2850 X26 Taser (purchase of 3) with holsters
\$1500 Surveillance equipment
\$1200 Purchase of two MDT laptop computers
\$800 Digital camera purchase
\$1400 Purchase of two rifles
\$1200 Purchase of two department issued Glocks

DOT Spoil Site (Fund #170)

\$6000 replacement of chips at playground area near trail, and replacement of damaged light lenses along trail
\$2000 repair RV disposal pull through area
\$5000 skate park equipment (matched with any private donations)

\$95,000 Cowlitz River pedestrian bridge Phase I (grant applied for)
 \$1,000,000 Boat launch (grant/private/in-kind funded)

Public Works Vehicle Replacement (Fund #180)

\$15,000 one used 1-ton dump truck
 \$15,000 used Cat, loader or tiller

Water Department (Fund #400 000 010)

\$6000 leak detection program
 \$7000 utility billing program upgrade (1/2 cost)
 \$2500 water line tapping machine
 \$21,000 water main replacement (Cherry St NW **or** Balcer St)
 \$5000 lower water main at Powell Rd/Bond Rd

Sewer Department (Fund #400 000 020)

\$10,000 manhole inspection program
 \$7000 utility billing program upgrade (1/2 cost)
 \$2600 metal trench plates (purchase of 2)

An 8% increase in both water and sewer rates is included as a result of impacts from personnel/benefit increases. Below is a rate impact comparison:

	<u>Current</u>	<u>Proposed 8%</u>	<u>Increase</u>
500 cf use:			
Water	\$31.15	\$33.64	\$2.49
Sewer	\$48.00	\$51.84	<u>\$3.84</u>
			\$6.33/mo
1000 cf use:			
Water	\$48.65	\$52.54	\$3.89
Sewer	\$48.00	\$51.84	<u>\$3.84</u>
			\$7.73/mo
1500 cf use:			
Water	\$66.15	\$71.44	\$5.29
Sewer	\$63.50	\$68.58	<u>\$5.08</u>
			\$10.37/mo

Outlined below is a percentage breakdown of the Water/Sewer budget and where the costs are applied for a customer using 1000 cubic feet of water at the new rate:

Total proposed Water/Sewer Operating Budget For 2007 Fiscal Year:

\$1,255,405 (does not include ending fund balances)

	<u>% Impact In Budget</u>	<u>Amount Based</u>
<u>On 1000 cf Use</u>		
Personnel: Salary/benefits/training	22%	\$22.96
Admin Costs(insurance, PUD, advertising)	4%	\$ 4.18
Facilities/Veh Maintenance	2%	\$ 2.08
Customer Billing	.5%	\$.52
Permits/Taxes	8%	\$ 8.36
Oper Supplies	3%	\$ 3.13
Regional Plant –Purchase Wtr/Swr Use	57%	\$59.50

Capital Outlay/New Equip, etc	1%	\$ 1.04
Upgrade Projects	2%	\$ 2.09
Interfund Transfers To Veh Replacement Fund	<u>.5%</u>	<u>\$.52</u>
	100%	\$104.38

Regional Water System Fund (Fund #410)
 \$2,000,000 Upgrade of Water Treatment Plant (funded by a Drinking Water State Revolving loan at .5% interest)
 \$5000 lower water main @ Buland Drive/Powell Rd
 \$4000 snap cutter

Regional Sewer System Fund (Fund #415)
 \$36,000 Purchase of two clarifier sweeps

Stormwater Management Fund (Fund #420)
 \$25,000 Stormwater evaluation and installation of catch basins; downtown parking area

PROJECTS/PURCHASE REQUESTS NOT INCLUDED FOR FUNDING:

\$13,000 for paperless council (laptops, software, router, etc)
 \$25,000 for replacement of phone system – estimates need to be obtained
 \$18,335 contracted painting of City Hall
 \$5739 reroof the City Hall building
 \$2,000,000 Cowlitz Street West Revitalization Phase I – tabled until financing can be secured
 \$700 wire feed welder
 North Street Stormwater Phase 4 – tabled due to project costs increasing from \$30,000 to \$106,000 using contracted labor. (Project could be bid in phases, with estimated cost to be around \$30,000)

General Fund
 \$165,927 Projected balance as of December 31, 2007, after all expenses and revenues are considered

In response to a question from an unidentified gentleman, Public Works Director David Vorse clarified that for the Regional Water Fund the city's cost is 94% of the expenses for treatment of wastewater and Cowlitz County pays the other 6%. A meter determines the amount of treated flows for each entity is used to determine these amounts. In addition, the City pays for 60% of the total water treated at the Regional Water Treatment Plant and Cowlitz County pays for 40%, which is also based upon metered usage.

2286 There being no further comments, Mayor Larsen closed the public hearing at 8:17 p.m. and resumed regular session.

2306 In response to a question from Mayor Larsen, City Attorney Tom O'Neill reports that the committee to evaluate the salary of the Public Works Director and the Clerk-Treasurer will be meeting next Monday. In addition to O'Neill this committee consists of Councilmembers Yund and Marcil.

- 2338 Police Sergeant Scott Neves reports that Police Chief Bob Heuer is attending a Washington Association of Sheriffs & Police Chiefs Conference in Skamania.
- 2357 Mayor Larsen read a letter addressed to Chief Heuer from the Social Security Administration Office of the Inspector General, thanking the Castle Rock Police Department for the assistance provided in the execution of search and arrest warrants at 237 Pioneer Avenue NE on October 16th.
- 2475 Public Works Director David Vorse provided an overview of issues that occurred due to the rain and wind storm events on November 6th. He reported that the sewer and stormwater collection systems were inundated with stormwater.

Tape 1 of 1

Side B

Other problems that were encountered include: a landslide onto the street, sewer backups, street flooding, trees down, closure of the I-5 Exit 48 interchange due to high water, telephone telemetry loss at the water treatment plant and electrical and pump issues at the Wastewater Treatment Plant. Approximately 70 hours of regular time and 25 hours of overtime were spent resolving storm issues. The governor has declared a State of Emergency. Vorse is compiling a cost analysis. Covington stated that the President will not sign a Declaration of Emergency until after a review of losses.

From city facilities, Vorse stated he measured 17 inches of rain in three days. A damage comparison was made from the flood events in 1995 and 1996. Vorse stated this recent storm damage resulted in a rough estimate of \$6500 in excess cost due to storm damage.

In response to a question from Mayor Larsen, Vorse stated the city currently is using well water. The turbidity in the river is so high at this time that it is not cost effective to treat it.

Vorse also reported on storm damage sustained in Cowlitz County's when a washout broke a water main serving the regional water system. This resulted in 1,000,000 gallons of water lost from their reservoir. The community of Toutle was required to boil water. The water quality within the City was never compromised, but conservation measures are requested. Councilmember Smith suggested that during an emergency the reader board at City Hall could be used for public notification.

In response to a question from Councilmember Smith, Vorse reports that the Sewer Trunk Line Replacement Project has been suspended until the water table recedes.

- 3057 Vorse stated that the Washington State Department of Transportation has a 1996

Ford F350, one ton, gas powered, three-yard dump truck for sale with 140,000 miles for \$8500. After review of the maintenance records, it appears that this vehicle was well maintained and the only reoccurring issues are with the hoist unit. There is \$15,000 budgeted in 2007 for this purchase.

In response to a question from Councilmember Marcil, Vorse would retain the Dodge currently in use but would like to surplus the old green pickups and the old sewer jet.

- 3332 Councilmember Smith made a motion, seconded by Marcil to purchase the Ford F350 dump truck from the Department of Transportation in January 2007. By roll call vote, unanimous 'Aye'.
- 3376 Clerk-Treasurer Ryana Covington requests payment of October expenditures in the amount of \$465,680.42 as outlined on the Summary of Claims and further described as check numbers 35421 through 35537 for general expenditures and check numbers 19242 through 19283 for payroll expenses.
- 3384 Councilmember Bean made a motion, seconded by Yund to approve payment of October 2006 invoices in the amount of \$465,680.42, as described in the Summary of Claims. By roll call vote, unanimous 'Aye'.
- 3406 Librarian Vicki Selander stated that the Library Excess Levy results will not be final until November 28th. At last count the votes were: 238 Yes or 59.06%; 165 No or 40.94%. The library levy requires 60% to pass. The count will be updated again at 10 p.m. tonight.

Selander reports that she has discovered a precedent setting case in which a simple majority is needed for passage. City Attorney Tom O'Neill will review this information if needed.

- 3565 Report of Meetings
All councilmembers reported attending Budget Workshop meetings.

Councilmembers Yund and Marcil have a salary evaluation meeting scheduled for 10 a.m. on the 20th. This will begin the process of evaluating the salary of the Public Works Director and the Clerk-Treasurer.

Clerk-Treasurer Ryana Covington attended a budget meeting for the Council of Governments and will attend another COG meeting on Thursday. Covington, Vorse and City Planner T.J. Keiran attended the Infrastructure Assistance Coordinating Council Conference in Wenatchee from October 31 to November 2nd. This group will be meeting with Rural Development representatives tomorrow to discuss available funding for infrastructure improvements to publicly owned buildings. Eligibility for grants that fund up to 1/3 of upgrade costs for improvements will be reviewed at that meeting.

- Mayor Larsen will attend a Health Board meeting on Thursday November 16th. Larsen and Vorse will attend a Lower Columbia Contractors Association banquet tomorrow in Kelso.
- 3739 Councilmember Marcil made a motion, seconded by Bean to approve Resolution No. 2006-19 writing off certain ambulance accounts as uncollectible, on second reading. By roll call vote, unanimous 'Aye'.
- 3754 Councilmember Bean made a motion, seconded by Yund to approve Ordinance No. 2006-11 fixing the estimated amount to be raised by Ad Valorem taxes for the 2007 budget of the City of Castle Rock, Washington, on second reading. By roll call vote, unanimous 'Aye'.
- 3780 Councilmember Smith made a motion, seconded by Yund to approve Resolution No. 2006-20 pursuant to section 209 of Referendum 47 of the State of Washington, authorizing an increase in regular property tax levy, in addition to any amount resulting from new construction, improvements and any increase in the value of state assessed property, from the amount that was levied in 2006, on second reading. By roll call vote, unanimous 'Aye'.
- 3825 Mayor Larsen adjourned regular session at 8:45 p.m. for a fifteen-minute executive session to discuss personnel issues. Action may follow.
- 3883 Mayor Larsen reconvened regular session at 9:06 p.m.
- 3890 Councilmember Smith made a motion, seconded by Marcil by consensus Councilmember Yund will present a proposal to the Police Collective Bargaining Unit. By roll call vote, unanimous 'Aye'.
- 3920 Councilmember Bean made a motion, seconded by Smith to approve Ordinance No. 2006-12 creating a special revenue fund for additional sales and use tax for criminal justice purposes, in accordance with RCW 82.14.340 as enacted April 2004, on first reading. By roll call vote, unanimous 'Aye'.
- 3945 Councilmember Yund made a motion, seconded by Marcil to approve Ordinance No. 2006-13, an ordinance adopting the budget of the City of Castle Rock for the fiscal year ending December 31, 2007, on first reading. By roll call vote, unanimous 'Aye'.
- 3993 There being no further business, Mayor Larsen adjourned the meeting at 9:08 p.m.

Mayor Barbara Larsen

Clerk-Treasurer