

CALL TO ORDER

Mayor Paul Helenberg called the November 26, 2012 regular meeting of the Castle Rock City Council to order at 7:30 p.m. followed by the Pledge of Allegiance. The following councilmembers were present: Ray Teter, Glenn Pingree, Earl Queen, Mike Davis and Ellen Rose.

BUSINESS FROM THE FLOOR:

Jim LeMonds, coordinator for the Bike Park/Pump Track project updated council on the following issues:

- the bike park volunteers would like to have another event next year, similar to the grand opening event. At the grand opening there were over 300 people attending and over 50 bicycle helmets were distributed. He would like to market next year's event as the Bike Park Blowout. Expenses for the city would include the cost for the porta-potties, and possibly \$200 for printing costs.
- they have been maintaining the trail near the 'Chancy Davis' property. They would like to create this as a connection to the Bike Park. LeMonds asked if there were any pavement slabs from the city's Front Avenue project that he could use. If so, he would like to use this on the trail to make it rideable for bicycles. He would eventually like to create a trail between the bike park to the mouth of the Toutle River.
- requested permission to create seven to ten large berms for riding bicycles in the area between the parking area and the retention pond. This would allow them to create a 'start hill' for the rest of the site area. If the city has any clean dirt from projects, they could use it for that purpose.
- LeMonds has been contacted by a person from Battleground that would like to host a possible Observed Bike Trial (OBT) event on the site.
- approximately 75 volunteers worked at south Coldwater to create bicycle trails near Mt. St. Helens. This has been a unique opportunity to work with the Forest Service to gain additional access to the monument area.

Vorse told Mr. LeMonds that if a group hosts an event on city property, they must obtain liability insurance if they impose a participation charge. LeMonds stated this would be a fun event, with no charge to participants.

In answer to Councilmember Pingree's question, Vorse stated the large berm area was to be retained to eventually create an amphitheater and this was included in the Park Plan. Councilmember Teter praised the Bike Park as a positive addition to the city's recreational activities. LeMonds stated there have been issues with erosion because the base is built on sandy dredge spoils; however they purchased pavers and feel that this issue has been curbed.

PUBLIC HEARING -

Mayor Helenberg closed the regular session at 7:46 p.m. and opened the public hearing to take testimony on the proposed budget for fiscal year ending December 31, 2013. The budget also includes a 1.5% increase in stormwater rates for all classifications and a \$5.00 increase to the sewer base rate. Helenberg stated the increase in the sewer base rate was proposed to move toward sewer revenues paying for sewer expenses, without being supplanted by water service revenues. To accomplish this, he anticipates that sewer rates will need to increase slightly every year for the next few years.

Mayor Helenberg noted that last year only the stormwater base rate was increased, which affected most residential customers. In 2013, the increase will affect all classifications. In answer to Councilmember Davis' question, Covington stated the increase in stormwater rates will result in approximately \$8,000 in additional revenue. Councilmember Davis stated the city allowed hiring of a full-time position, funded 35% Street Fund, 55% Stormwater Fund and 10% DOT Spoil Site Fund. He stated the agreement was that the position would be retained as long as the city could afford the fund the position. Mayor Helenberg stated that the amount funded through the Stormwater Fund was the same amount as in past years. In the past, the duties were filled by two part-time positions; in 2012 the city funded one full-time position to complete those duties.

Helenberg stated that all rates for water, sewer and stormwater should be increased a minimum of 2.5% to 3% to keep up with increased operating costs. He noted that cost of living increases for Public Works bargaining contract employees increased 2.88% and Police bargaining employees increased 2.8%. Other increases include a minimum of 4% for electric rates, 10% for medical insurance coverage, 10% liability insurance and increases for state retirement. Helenberg stated the 2013 budget does not include any increase in rates for water services.

Helenberg stated the stormwater system comprises a large portion of the city's infrastructure and includes two pump stations, levy certification, dike management, catch basins and right-of-way upkeep.

Councilmember Queen voiced concern over the increase in the sewer base rate. Mayor Helenberg stated it was the council decision to work toward making the revenues adequate enough to pay for the respective utilities. The sewer base rate increase is working toward that goal. Helenberg noted that a 28% increase in sewer rates would be needed next year to meet council's goal. For this reason, the sewer rates will need to be increased every year for the next few years.

Councilmember Davis questioned if the percentage funded through the Stormwater Fund reflects the amount of time for the work required. Davis felt that the use of percentage is

not effective in billing work against a job performed. Helenberg stated his current construction job is assessed based on percentages. Covington stated in the finance office, an annual assessment is conducted to ascertain the number of hours required for various tasks and the department affected; and this is how her department ascertains the percentage allocated against other funds for the upcoming fiscal year.

Councilmember Davis stated he is bothered that the 1.5% increase is needed for that position. Mayor Helenberg stated the percentage increase is not only needed for operation/maintenance cost increases, but also allows the city to build a reserve fund in case of emergencies. It is important for the city to maintain systems. Vorse stated the increase equates to 10¢/month for residential customers.

Vorse noted that a large portion of the storm system dates to the early 1910's and in some areas the city does not have accurate maps for the system. As funds become available, he would like to TV the storm lines to map and note areas of deficiencies. In addition, he would like the city to develop a stormwater comprehensive plan so that upgrades to the system can be identified and planned for. Vorse stated staff continues to build a capital reserve fund; which only began two years ago.

Councilmember Teter suggested future increases to the water or sewer rates be based on consumption, not a flat increase to the base rate. He felt this would be more equitable for those customers consuming less of the service. Covington stated previous councilmembers established the current rate structure to include a base rate which pays for O/M costs and a charge assessed per 100 cubic feet of usage to account for the city's portion of the regional utility charges. In context with that structure, an increase to the sewer base rate is being recommended. Covington added that increasing the amount charges per 100 cubic feet would provide more income, providing that customers sustained similar usage amounts.

Dave Vorse suggested next year council could consider re-evaluating the utility rate structure.

Mayor Helenberg reported that maintenance to the City Hall roof will be deferred due to a lack of funds. In an effort to preserve the current staffing, reductions were made to the police reserve and cadet programs. The mayor stated Chief Heuer has contacted the State Auditor regarding use of the 1/10th of 1% law enforcement sales tax revenues for funding the officer currently being supported by a COPS grant. According to the chief, this is an allowable use for those funds and has been incorporated into the 2013 budget. Mayor Helenberg stated he appreciates Chief Heuer's efforts.

Overall the city's basic services have been retained for 2013. The mayor has requested the city clerk to research alternatives for employee medical insurance coverage in an effort to reduce that expense in coming years. He noted this is a difficult task because the city also

has obligations to the LEOFF I retiree medical cost coverage.

Lee Kessler, resident asked the police department average monthly expenses. Covington stated their October expenses are \$68,309. Their year-to-date expenses (January – October) have been \$621,473; which averages \$62,000 per month.

Kessler asked what the REET Fund and the DOT Spoil Site funds can be used for. Vorse answered that the REET Funds can only be used for projects included in the city's capital facility plan and the DOT Spoil Site can only be used on those properties what include dredge spoils. Covington stated the spoil site uses are outlined in the city's agreement with Department of Transportation when the land was deeded to the city. Vorse stated that sale of dredge spoil from those parcels can only be used for properties along the river for recreational activities.

Kessler requested clarification of tax revenues. He noted in 2011 the total tax revenue received was \$879,767.90 and the estimated for 2013 is \$999,781. Covington stated the estimate is based on information from past collections, or from statutory limitations. In answer to Mr. Kessler's question, Covington stated sales and use taxes are received monthly from the State Treasurer's office; December allocations will be received by December 31st.

Kessler asked how many positions have been added in each department within the last three years. Vorse answered that one position has been added to public works within that period of time. The person chosen to fill that position already was employed by the city which left a vacancy. The city then hired a new person to fill that vacant position. Mayor Helenberg stated adding the new position of an electrician/electrical control specialist was done to save funds. Prior to adding that position, the city was paying \$110,000 to \$140,000 annually for an electrician/control specialist. Creating that position within the city has saved the city approximately \$70,000 per year. No positions have been added in the police or finance departments for that period.

Mr. Kessler asked if there was a job hour for each department. Covington answered that in the finance department, an annual survey is done to determine personnel task allocation between departments. Covington noted that the State Auditor also has reviewed how the city allocates employee expenses to make sure that other funds, such as for utilities, are not supporting services that should be paid from General Fund resources. Vorse stated that his department completes daily timesheets outlining where their time was spent. He uses these timesheets to develop the percentage allocations for the upcoming fiscal year.

Kessler stated he has heard comments from various individuals this year regarding the cost of the flowers and watering. Vorse stated approximately 5200 plants were donated to the city and volunteers planted, watered and maintained the areas. For some of the

watering, between the months of July to September, public works assisted with the watering and also maintained watering of the hanging flower baskets. The time spent using city forces varied from month to month. Vorse noted, prior to this year the city's watering expenses were approximately \$5600. This year the cost was approximately \$11,000 and used volunteer help. Vorse stated it will be up to the city council to decide if the added cost was a benefit to the city. Mayor Helenberg stated there needs to be a means to bring people into the community. He stated city council cannot continue to run a city without the economic success of businesses. Helenberg noted that according to the judges, participation in the nationally recognized America In Bloom program takes approximately three years before the city will significantly see any increases from tourists. He stated that his main focus as mayor is to create momentum to bring people into the city. Participation in the America In Bloom program has stimulated interest in Castle Rock and has brought people to town to see the flowers. Vorse noted that recently representatives from the Town of Cathlamet came to Castle Rock to see the flowers and changes in Castle Rock and to discuss how they could stimulate a similar program in their town. Vorse stated the city's identity is built on the northwest character and programs such as America In Bloom and the Bike Park are ways to bring people to Castle Rock.

Councilmember Pingree asked if there was a way to use less city staff and more volunteers to maintain the watering of the plants. The mayor answered that volunteers did do most of the watering. Vorse stated public works personnel were only used when a city vehicle was needed for the watering.

Helenberg remarked that if city leadership would have planned for development 30 or 40 years ago, the city would be better off. However in the past, people did not want development or any changes; Helenberg stated the city needs to look toward the future. Councilmember Rose stated the landscaping program this year did bring in tourists; adding that she had tourists staying in her motel because of these efforts.

In answer to Councilmember Davis' question, Covington stated in this fiscal year, the police clerk position was budgeted for only three months. The mayor stated if spending continues at the current rate for that department, there will be an overage.

Councilmember Davis was disappointed that the proposed budget will require the use of the Local Criminal Justice and the Criminal Justice funds, which has been used for police vehicle replacement needs. Davis asked if other funding alternatives can be researched before the next council meeting, citing that he is concerned over not just 2013 budget year, but also the upcoming 2014 year. Mayor Helenberg stated he would be open to any ideas. The mayor added the only alternative to create dedicated funds for the police department would be to ask voters to approve a special police levy. This had been tried in the past and voters did not support the levy.

Councilmember Davis asked what happened to the General Fund resources that were used to support police services prior to obtaining the COPS grant. Covington stated the grant was applied for because the city lacked funds to support that position. Initially Chief Heuer had applied for funding of two police positions through the COPS grant; but only received funding for one position. In addition, that same year voters did not support the police excess levy ballot issue.

Mr. Kessler questioned why the city had received more tax revenue over the past three years, but has not been able to support the police positions. Covington explained that all revenue sources must be considered when assessing the General Fund budget. In addition, the city council has continued to use fund balances to meet operating costs. During this year's audit, State auditors noted that the city is again decreasing their fund balance and cautioned against this practice. This fiscal year, the city is using approximately \$63,000 from the fund balance to meet operating expenses. The 2013 budget includes provisions to curb the use of those funds. The State Auditor has recommended that the city retain approximately three months of operating expenses as a residual fund balance as a good management practice. Councilmember Teter stated the Auditor advised a minimum of \$180,000 for the residual balance. He noted that many years ago the city had as much as \$500,000 in the residual fund balance.

There being no further testimony, Mayor Helenberg closed the Public Hearing at 8:49 p.m. and resumed regular session.

DEPARTMENT REPORTS

City Attorney Frank Randolph

Reported that he has reviewed the Heritage Team Account proposed by Andrea Gebhardt, branch manager. He recommends against participating in the proposal because the terms of the agreement include a provision that the city continue to keep an account at Heritage Bank and the city would assist in soliciting employees to open an account with that bank to receive free services. Councilmember Teter stated his understanding from Ms Gebhardt's presentation was that city employees would receive certain bank savings if the city chose to participate in the program. Randolph does not recommend the city take on the role of soliciting our employees on their personal banking choices. Councilmembers Rose, Davis and Pingree agreed with the city attorney.

Chief Bob Heuer

Stated the marijuana initiative goes into effect on December 7th. He will participate in tele-training provided by Association of Washington Cities to ascertain how the initiative would affect his department. The chief stated the first impact would be purchase of a digital scale so officers will be able to determine if a crime is being committed.

City Engineer Mike Johnson

- bids for the Safe Routes to School project will be opened on December 4th and a recommendation will be provided to the council at their December 10th regular meeting.

- the draft Water System Plan update is ready for distribution to the city council next week. A presentation will be provided on December 10th, which will include water efficiency goals.

- Transportation Improvement Board just announced their grant awards. The city will be receiving \$153,842 (146,150 grant/\$7692 local match) for the Huntington Avenue North/Barr street project, which ties into the Front Avenue reconstruction project. Johnson stated funds will be available shortly and he would recommend that this project be managed separately from the Front Avenue project because of some right-of-way acquisition issues.

Public Works Director Dave Vorse

- reported that in addition to the above noted grant, the city also has received two other grants from the Transportation Improvement Board; \$82,739 (\$4355 required match) for overlay projects and \$49,798 (\$2621 required match) for seal coat projects. He stated these grants will allow the Transportation Benefit District funds to go farther. The State outlines what streets qualify for these grants and Vorse distributed a list of those streets to city council. This is a preliminary notice of grant award and the official documents have not yet been received. These grants have not been included in the proposed 2013 budget. Once the official award is received, a budgetary amendment will be necessary to include the grant award amounts. Vorse stated the required match will be provided by the city's REET Fund and has been included in the 2013 budget.

- discussed the issue with the City Hall flag pole. The supports have rotted and the pole needs to be replaced. In the interim, the flags have been taken down as a safety issue.

(Tape 2 of 2)

Vorse is not aware of any funding option for replacement of the flag pole, which is approximately 60 feet tall. He suggested the American Legion be contacted to see if they would be willing to assist. Councilmember Rose stated the vacated Cinedome Theater has a flagpole that is not being used and suggested contacting the owner. Councilmember Davis asked if there is a contingency plan. Vorse stated he will be doing more research on the issue; however he is concerned with public perception regarding the presentation of the flags.

- announced that a public meeting will be held December 3rd at 6:30 p.m. regarding a potential project to construct a new portable water booster pump station near the Carpenter Road reservoir. Purpose of this meeting is to provide information to affected property owners regarding the design and funding options available to the city. The meeting will be held at the Castle Rock Senior Center.

Clerk-Treasurer Ryana Covington

- distributed and provided a summary of the Cash and Investment Activity report for the month of October. Covington noted that the Municipal Water Capital Improvement Fund has been overspent; and this overage will be resolved through a budget amendment being considered by council (Ordinance No. 2012-07). The second overage is in the Boat Launch Facility Fund. This overage is the result of the grant funded boat launch project. Grant reimbursements cannot be applied for until expenses are made. In November the city received \$201,222 in reimbursements toward October expenditures. Covington is working with the Public Works Director to make sure there will not be any overages at year-end.

Librarian Vicki Selander

- reports that the Friends of the Library continue to receive donations to support library services. She stated an additional \$2,000 to \$3,000 in donations will be needed to keep the library solvent until next April when proceeds from the voter approved excise tax are received.

- reported that last June the library computer system hard drive was damaged and could not be repaired. All data was lost and could not be restored. She stated a new system and backup have since been installed. Local resident, Ben DeCamp has volunteered to assist with this project and has worked for months to manually input the data; saving the library thousands of dollars. It was suggested that the city provide him with a certificate of appreciation.

COUNCIL AND AD HOC COMMITTEE REPORTS

Mayor Paul Helenberg

- requested that any proposed changes to the 2013 budget be provided to the clerk-treasurer by Thursday or Friday of next week to allow for time to review the impacts. Council will need to be prepared to take action on the budget at the December 10th council meeting.

Covington stated the budget process requires two readings. Due to the Christmas holidays, the second meeting would not be until December 26th. If council needs to consider the budget on that date, approval would require council to adopt the budget with an emergency clause. Councilmembers agreed to schedule a meeting for December 17th to take action on second reading of the budget. Covington stated adoption of the budget requires a vote to include a majority, plus one. In answer to Councilmember Pingree's question, Randolph stated if a councilmember cannot attend the meeting, they could not proxy their vote, but could attend by phone.

Councilmembers

- No report

CONSENT AGENDA

- Councilmember Queen made a motion, seconded by Rose to approve the minutes of the November 13, 2012 regular Council Meeting. By roll call vote, unanimous Aye.

OLD BUSINESS

- Mayor Helenberg deferred proposed Ordinance No. 2012-05 regarding the Gourde street vacation request.

- Councilmember Queen made a motion, seconded by Teter to adopt Ordinance No. 2012-06, an ordinance adopting the Ad Valorem taxes for fiscal year ending December 31, 2012, on second reading. By roll call vote, unanimous 'Aye'.

- Councilmember Queen made a motion, seconded by Pingree to adopt Ordinance No. 2012-07, an ordinance amending the budgets for Water/Sewer Fund and Municipal Water Capital Improvement Fund, on second reading. By roll call vote, unanimous 'Aye'.

NEW BUSINESS

- Stephen Floyd, editor of the Town Crier had requested permission to submit a proposal to city council changing the city's designated newspaper of record from the Daily News to the Town Crier. Mayor Helenberg stated the city recently received an email from Mr. Floyd rescinding his request, due to a reevaluation of the Town Crier's financial condition.

- the city clerk-treasurer requested council defer consideration of proposed Resolution No. 2012-08, amending fees for grading permits. Covington stated this was requested by the city's building official and additional information is needed before council consideration.

- Public Works Director Dave Vorse requested correction to the November 12, 2012 council meeting minutes. Under New Business, the city received funding from the Federal Highway Administration Transportation; not the Federal Highway Administration Transportation Enhancement. Councilmember Teter made a motion, seconded by Pingree to correct the minutes as noted by the Public Works Director. By roll call vote; unanimous 'Aye'.

- Tom Quigley, Secretary of the Castle Rock Library Board of Directors forward a request for the city to submit to the voters a request to consider a one-year excess levy to support library services for fiscal year 2014. The levy would not exceed 50¢/\$1000 of assessed valuation, up to the statutory limitation. The Library Board would like the levy request to be included on the February 2013 Special Election. Mayor Helenberg stated the Friends of the Library have paid for the election costs. Covington noted that final certified valuations have not been received from the State. She asked councilmembers to consider approving first reading of proposed Resolution No. 2012-09, with the second reading on December 10th.

In answer to Councilmember Teter's question, Librarian Vicki Selander stated this request does not affect the statutory limitations imposed on junior taxing districts; this is an excess levy requiring voter approval to impose the additional amount. Teter asked why the City of Seattle can impose for more than one year. Covington stated the City of Seattle was not imposing an excess tax; excess taxes for this purpose are limited by State law to a one-year period.

Mayor Helenberg stated the library needs to look into formation of a library district, which would create a junior taxing district and allow them a more stable revenue source. Councilmember Teter stated the city and the Castle Rock Library Board need to seek alternative ways to fund library services in the future. Councilmember Teter made a motion, seconded by Pingree to approve Resolution No. 2012-09 asking voters to approve a special excess levy to support library services in 2014, on first reading. By roll call vote, unanimous 'Aye'.

- Myron Nelson, President of the Castle Rock Senior Center, submitted a request for permission to remove the mural and plywood mounted at the south side of the City Hall building. Covington stated that Mr. Nelson has advised that the Senior Center has full ownership of the mural, which was commissioned from a local artist. Councilmember Queen stated he would like to see a copy of that commission agreement. Councilmember Pingree made a motion, seconded by Teter to allow the Senior Center to take down the mural and plywood located on the south side of the building and to fix that area of the building as needed. By roll call vote, unanimous 'Aye'.

- Councilmember Teter made a motion, seconded by Pingree to approve the Interlocal Agreement between the city and the Transportation Improvement Board outlining relationships between the two entities. By roll call vote, unanimous 'Aye'.

- Mayor Helenberg stated action the following will be tabled until the December 10th regular city council meeting;
proposed Ordinance No. 2012-08, amending stormwater rates for 2013;
proposed Resolution No. 2012-10 amending the sewer base rate for 2013; and
proposed Ordinance No. 2012-09, adoption of the budget for fiscal year ending December 31, 2013.

ADJOURNMENT

There being no further business, Mayor Helenberg adjourned the meeting at 9:42 p.m.

Mayor Paul Helenberg

Clerk-Treasurer