

- 0010 Mayor Barbara Larsen called the City Council Retreat to order at 11:30 a.m., with the following present; Councilmembers Jack Reilly, Greg Marcil, Khembar Yund, and Earl Queen; staff members, Police Chief Bob Heuer, Public Works Director David Vorse and Clerk-Treasurer Ryana Covington; residents Roy Henson and Buck Savage, Daily News representative Barbara LaBoe.
- 0128 Vorse distributed a list of proposed projects for 2009, and presented a progress report relating to those projects, as follows:

Park

- DNR Land Appraisal - waiting to hear from DNR regarding possible funding
  - Lions Volunteer Memorial Park on Front Avenue NW - roof rebuilt over the monument and replaced boards on the picnic structure and painted
- DOT Dredge Spoil Site
- Councilmember Marcil graded the access road to the 'High Banks'
  - Boat Launch Project - the in-water work is scheduled for August; the uplands work will continue through the end of the year
  - Two security cameras have been purchased for the trail system with installation scheduled for August/September. Vorse stated he is working with Officer Jeff Gann to ascertain the best locations for the cameras.

Street

No projects are scheduled; no grants are available

Arterial Street

- Huntington Avenue South crack seal is scheduled for August
- Cowlitz Street West Revitalization Phase 1 - is scheduled to begin in September/October; preliminary \$300,000 is possible from RPACT Rural funds, with an estimated \$1 million still needed to complete the project funding. Vorse stated he will have further information pertaining to the RPACT funding within the next month. He noted that Phase I already is fully funded and includes all underground work. Phase II of the project includes the reconstruction of the sidewalks and street. Next year Washington State Transportation Improvement Board will have Small City Arterial Street funding available, which the city will apply for.
- Downtown Parking Improvements Project - The lot was paved and striped; reached agreement with property owner

Vehicle Replacement

- Working with Councilmember Marcil

Water

- Completed process to identify radio read meter type and software; awaiting comments from State Auditor to finalize decision
- Carpenter Road Reservoir Inspection and Cleaning is scheduled for August/September
- Carpenter Road Pump Station - submitted unsuccessful application for grant; can pursue loan if requested by council
- Water Use Efficiency Plan - Completed and adopted
- Two security cameras have been purchased for the shop complex with installation scheduled for August/September
- Have repaired 20 water leaks and there are still four leaks to be repaired. Vorse noted usually their department averages twenty leaks per year. He provided a summary of what needs to be done for the remaining leak issues.

In answer to Mayor Larsen's question pertaining to the Carpenter water system, Vorse noted that the city is also working with the developer on the other side of the road to obtain funding for the Carpenter Road reservoir. However, Cowlitz County will be allowing those developments to put in wells, instead of connecting to existing city services. Vorse explained that Cowlitz County does not acknowledge that these developments are within the Water Service Area. Vorse stated the map shows the properties are included, and the county commissioners signed off on the finalized documents, but since the county did not complete their own process, their staff will not recognize this area as part of the water system. Vorse noted that he and the city engineer have both discussed this issue with county staff and also with the city attorney. Vorse stated this action by the county does help the city's quest to fund a pump station for the Carpenter Road customers.

In answer to Mayor Larsen's question, Vorse stated the same contractors will be used for inspecting and cleaning both of the reservoirs and also for inspection and repair of the sewer outfall.

Regional Water

- Water Treatment Plant Improvements Project - nearly complete
- Spirit Lake Highway Reservoir Inspection and Cleaning is scheduled for August/September
- Water main replacement project for Woodard Avenue to Cowlitz View Court has been postponed
- Two security cameras have been purchased for the water treatment facility with installation scheduled for August/September

Sewer

- Sewer Inspection Program - TV'ed, treated and cutout roots growing in some sections. Vorse added there are eight sections that they keep a particularly close watch on.
- Repaired 4 sewer plugs  
Regional Sewer
- Purchased Bobcat tiller attachment
- Minimized odor control issues
- Outfall Evaluation - inspection and repair is scheduled for August/September
- Blower Room work completed
- UV System issues resolved
- Reuse Water System work in progress
- Two security cameras have been purchased for the wastewater treatment facility with installation scheduled for August/September
- Stormwater
- Trees on north end of levee removed using volunteer labor force.
- Removal of remaining trees - getting estimates. Councilmember Queen emphasized that he would like to continue to use volunteers for this project.
- Army Corps of Engineer Levee Improvement Project scheduled to begin in August
- Preliminary draft of levee operation and maintenance manual is 95% complete; manual will be sent to the Corps by the end of July for review and approval
- Levee Certification Project Phase 2 - Cornforth anticipates completion by mid August
- Letter to FEMA regarding status of Levee Certification Project to be sent by September 1<sup>st</sup>
- Catch basin cleaning is scheduled for September/October

Vorse stated there will be very few districts in southwest Washington that will be able to meet the FEMA levee certification deadline. He noted that the city should be able to meet certification once the Corps of Engineer completes the levee project, the city removes the trees, and the Corps of Engineers approves the city's levee operation manual. In answer to Councilmember Marcil's question, Vorse stated re-certification must be done every five years. He added that there is an effort to get the certification process back under the Corps of Engineer's direction.

In response to Councilmember Queen's question, Vorse stated that the issue regarding the location of trees abutting Brown's residence involves the location of the original easement line; neither the Corps of Engineer nor the city can identify this area.

Vorse reported that the land swap between the city and the Nicholson property

located at 549 Huntington Avenue North, should be completed within the next two or three weeks. The building will need to be inspected for asbestos before any demolition is started.

Councilmember Queen emphasized using the Washington State Department of Corrections (DOC) work crew because this is a free service. Vorse stated he has had problems getting DOC personnel, so he has needed to use Cowlitz County Corrections work crews. Vorse noted that the city must pay for the county's work crew.

Other Projects

- December Snow Storm response and damages
- January Flood response and damages - anticipate FEMA reimbursement soon; must schedule remaining repairs. FEMA's reimbursement will be 75% of the approved costs and Washington State will reimburse 12.5% of the cost. Vorse stated the city has one year to complete the remaining projects from the damage claims.
- Union negotiations and health insurance review
- "I Topped The Rock to Save the Library" event
- West Castle Rock Water and Sewer Transfer analyzed and submitted report
- Working on Riverfront Trail West Hazard Mitigation Application
- Submitted demonstration projects to Congressman Baird and Senators Murray and Cantwell's office for consideration

3004 Since the mayor had requested recommendations for fiscal year 2010 project funding, Vorse distributed a list of projects outlined in the city's adopted Capital Improvement Plan. He described each of the projects and the availability of funding. Also noted the Park Plan needed to be updated before the year 2011.

3204 Mayor Larsen noted that based on information from Lower Columbia Community Action Council (CAP) relating to the self-help housing project; that CAP does not have any applicants for the program. Councilmember Marcil stated he personally knows of three people that have received approval for the project and CAP has informed them that it would be a year before the project can begin.

Councilmember Marcil advised Chief Heuer of a CAP project office trailer parked on the wrong side of the street. He asked that CAP be contacted relating to this issue.

3427 Councilmember Queen stated he would like to see improved vehicular public access to the river; from the PH-10 bridge, south to the retention ponds. Vorse noted there are some private properties within that area and he acknowledged that

the section at the end of B Street already has a gravel base and will be paved later.

Chief Heuer pointed out that most of the dredge spoil area has been sold. Queen added that the city will need to open that area up to the public in a very short time.

Councilmember Yund recommended that Vorse continue to seek funds for the Carpenter Road pump station. Vorse stated most of the funding packages were all loans.

4039 Chief Heuer reported he is operating 'status quo'. The city was awarded a Jag grant in the amount of \$9,999 from stimulus monies. With this grant, his department will be able to purchase a radar gun, video patrol and a radar reader board. The grant required these funds to be tied to a project and could not be used to supplant. The project's intent will be to reduce speed within school zones. Heuer stated his department's application is being used as a model for other agencies.

The police department already has three of the patrol units outfitted with video patrol capabilities. These were purchased from grant funds and also from the 1/10<sup>th</sup> of 1% sales tax revenues specified for law enforcement services.

Heuer noted that he has submitted another grant application to maintain law enforcement work force at their current level. This is a competitive grant originating from stimulus funds. He will know in September if this grant application is successful.

Chief Heuer stated from 2003 to 2008, his department has reduced the crime rate 67%. This information is available in his 2009 crime report. He stated the goals for his department are limited by the available budget.

Chief Heuer stated that the actual operating costs within his budget are minimal as compared to his personnel costs.

In answer to Chief Heuer's question, Councilmember Marcil stated the newly signed Public Works contract allows the city to change insurance providers to the AWC plan.

4747 Mayor Larsen recessed the Council Retreat at 12:30 p.m. for a lunch period.

4749 Mayor Larsen resumed the Council Retreat at 1:00 p.m.

4933 Chief Heuer stated he is waiting to see what the city needs to make up for finances. In answer to Mayor Larsen's question, the Local Criminal Justice Funds are received monthly.

5051 Chief Heuer asked if the city still needs to retain the 1992 Chevy Caprice, which was one of the older patrol vehicles.

In answer to Councilmember Marcil's question, Heuer stated they have tried to sell two vehicles over E-Bay, but so far they have been unsuccessful at receiving a viable bid.

Vorse stated the 1992 Chevy has had past problems with the battery. Chief Heuer stated he would discuss the vehicle issues with Reserve Officer Lee Kessler. Vorse stated if the police needed more room to store vehicles at the City Shops, he would provide the space.

5650 Councilmember Marcil stated 2010 projects will be minimal. He stated the city does not have the money to support project which are not already funded. Councilmember Yund stated the council needs to look at the current year budget before they can consider anything for fiscal year 2010.

5803 In answer to Mayor Larsen's question, Covington stated that, if possible, she would like to preserve the current personnel level in her office. It would be difficult to meet service needs, grant management obligations and development requirements with a reduced workforce.

In 2009, building and planning functions and service levels have already been reduced. She noted that revenues for building services already exceed 2008 revenues for the same fiscal period, however revenues for planning services are greatly reduced.

Covington stated the city still is working with Mr. Verhasselt on completing his subdivision. In addition, the CAP subdivision (self-help housing) is also still pending building permits.

6112 Covington distributed a draft copy of the June revenue report for General Fund. In addition, she distributed a General Fund Quarterly Comparison Report for second quarter. This report provided a historic trend of General Fund revenues from June, 2000 through June, 2009.

Covington stated she could not provide an expenditure comparison, because the council will not approve June expenses until tonight's regular council meeting.

Covington noted that 2009 total General Fund revenues are approximately \$12,938 less than in June, 2008.

A comparison of revenues for the first two quarters of 2009, show that income from taxes remained stable. License fee revenues have increased, due to the increased business license fees. There is a \$10,000 decrease in intergovernmental revenues due to a decrease in city assistance funds received by the State and revenues from planning services are approximately one-third the amount received by June, 2008.

Covington noted that the non-revenues are pass-through funds that are accepted by the city for payment to other State agencies. These include many revenues associated with court fees.

7051 Covington stated she will provide a full budgetary summary, after councilmembers approve the June expenditures.

Covington stated councilmembers have expressed a desire to not draw on interfund loans to balance the General Fund requirements. In addition, councilmembers passed an ordinance removing the loan originating from the CDBG Fund and going into the General Fund.

Covington stated the city recently received a ruling from Washington State Community Trade and Economic Development regarding the use of the CDBG income revenue.

Side - B

7236 Based on this information, it appears that the city can use the portion of the CDBG Fund which is not considered income revenue. Covington stated that Mayor Larsen and Councilmembers Marcil and Reilly were present when the city received a recommendation from the Washington State Auditor's office encouraging the city to reduce expenses and to refrain from the need for interfund loans.

7533 Councilmembers Yund and Marcil asked Covington to provide a total of the

amount recommended to be reduced from the 2009 General Fund expenses; eliminating the use of interfund loans or any further reduction in the beginning fund balance.

- 7716 Covington asked for clarification, noting that her initial General Fund revenue projections, made in November 2008, were approximately \$73,000 less than the actual received in January 2009. She asked if it is the intent of council to include this amount in the total, or retain as a fund balance. She also asked if the council still intends to budget for a residual ending fund balance of \$150,000. Councilmember Marcil stated it was the recommendation of the auditor to avoid borrowing from other city funds to balance General Fund needs.

In answer to Councilmember Yund's question, Covington added that the State Auditor also is asking councilmembers to balance expenses against the operating income and not use the fund balance amount. Then if council has any special capital projects, this amount could be used from the fund balance amount.

Councilmember Yund stated that the city has two opportunities for meeting expenditure needs in 2009; the police excess levy and the federal grant application for retaining the workforce. The levy issue is the big teller to this council that the public wants to support police services. Covington noted these issues were included in the city's response to the State Auditor.

Covington added that the State Auditor has recommended changes to the ordinance adopting the budget to exclude all fund ending fund balances.

Councilmember Reilly asked Covington to provide the estimated operating revenues that will be received this year and the estimated operating expenses that have been adopted. Covington stated she would have that information available to the council at their next regular meeting.

In answer to Chief Heuer's question, Councilmember Marcil answered that the State Auditor has recommended that only current year income be considered when budgeting expenses. If expenses exceed current year revenues, then cuts needs to be made. Marcil stated current year revenues do not include the beginning fund balances.

In answer to Councilmember Marcil's question, Covington stated the city has approximately 14 employees, not including elected officials.

Councilmember Heuer asked if the net General Fund balance, as of June 2009, in the amount of \$529,874.22, is approximately 50% of what the city will receive.

Covington stated that tax revenues are approximately 57% of the estimated amount, however intergovernmental revenues are only 26% of the estimate.

Councilmember Yund thought that Covington had reduced the 2009 revenue estimates for real and personal tax revenues. She stated that revenue estimates did take into account the possibility of foreclosures and reduced sales and use tax funds during the economic downturn.

In answer to Councilmember Marcil's question, Covington stated the adopted General Fund budget, including the estimated beginning fund balance of \$136,000, is \$1,339,004. Excluding the beginning fund balance, the estimated operating budget would be \$1,203,004.

Councilmember Marcil stated he has estimated that the city needs to reduce their budget by \$300,000. Councilmember Yund questioned how the city is to cut that amount at this time of year.

Councilmembers discussed various options for amending the budget. Councilmember Marcil stated if the city uses an interfund loan, they must then budget for repayment beginning in 2010.

Chief Heuer discussed the per capita comparisons between the City of Longview and Castle Rock. Covington stated Longview has an industrial base which the city does not have.

Chief Heuer questioned the amount budgeted to support non-departmental uses. Covington stated this department's expense budget (\$304,325) includes the ending fund balance amount of \$150,000. The ending fund balance is the non-appropriated amount that the council has set to achieve as residual to bring forth into the next fiscal year. She noted that the actual appropriated operating expense for this budget is \$154,325. Of this amount, \$82,000 has been budgeted to meet the city's obligations to their LEOFF I retirees. Examples of the remaining expenses within that department include such costs as; insurance, audit expenses, custodial supplies, voter/election expenses, emergency management services, and animal control. Councilmembers Marcil and Yund added that the city could save funds if they were able to change insurance carriers to AWC, which would provide reasonable rates and coverage for the LEOFF I officers.

Chief Heuer stated he is trying to ready supporting documents for the upcoming Town Hall meeting. He has the perception that the public feels his department is too expensive, when in reality it is a budgetary problem.

In answer to Councilmember Marcil's question, Covington stated that law enforcement budgets consist of over 60% of the costs within General Fund. Heuer stated his operating budget, less grant funded expenses, is minimal, with one of the larger operating cost being dispatch services. Covington offered to assist or provide documentation for Chief Heuer for distribution at the Town Hall meeting.

Councilmember Yund noted that the city is not spending a lot more than in prior years, but councilmembers have needed to rely on fund balances just to maintain those services. Heuer stated between 2003 and 2008, the inflation rate was 18%. The revenues are not able to keep up with these cost increases. Councilmember Marcil stated he discussed the inflation issue with the State Auditor and their response was to reduce costs. Heuer suggested that other revenues, such as utility taxes and cell phone taxes need to be reassessed. Covington added that most utility taxes are at the maximum statutory levels. Councilmember Yund stated that any further budgetary cuts will affect services.

Councilmember Yund stated that over the past few years, councilmembers have been supportive of annexations and growth. Councilmember Queen asked the status of the Verhasselt subdivision project. Councilmember Marcil and Covington provided an overview and status report.

Chief Heuer stated it appears revenues have remained stable, however inflation has driven up costs. He felt that an assessment needs to be made of what can be done with the revenues that we have. Councilmember Yund concurred, citing that this issue needs to be dealt with immediately and not wait until November.

Covington noted that councilmembers were notified at the end of August, 2008 of the estimated \$500,000 deficit for the 2009 budget. By November, councilmembers had successfully reduced the deficit to approximately \$236,000.

In answer to Chief Heuer's question, Councilmember Reilly stated it was his opinion that the city should do whatever it takes to avoid using any interfund loans. Because if the loan is used, the city will need to develop a plan to pay

back what they borrowed. Councilmember Marcil stated this would further deplete options for fiscal year 2011. Covington added that in 2010, the city will need to include payment to the county of \$5,000/year toward the Cowlitz Street West funding match received from Cowlitz County.

Covington thanked Councilmembers Marcil and Reilly for their time and input while participating in the meetings with the State Auditor. Covington noted that since the city has received over \$500,000 in federal assistance this year, the State Auditor's office will be conducting a Single Audit in 2010.

In answer to Chief Heuer's question, Covington explained that a \$100,000 beginning fund balance is not adequate enough to provide operating funds until property tax revenues are received. Heuer understood there is logic in doing a loan, however it defers a liability. It would depend on what level the city expects to rebound. Heuer asked if councilmembers are looking at increasing tax and service fees in 2010. Councilmember Marcil stated those also will be reviewed.

Councilmember Queen suggested further discussion be deferred until June budget totals are available. Chief Heuer suggested that the city cannot depend on the passage of the excess levy or the success of the grant application; a contingency plan needs to be developed. Councilmember Yund stated the downside is that the result of the levy will be known shortly and he would not like having to cut a position in the police department, only to rehire in September. Theoretically this could cost the city \$60,000 if they wanted to replace a police officer for that same position.

Covington stated other cities have used furloughs and 'rolling layoffs' to help preserve the workforce by reducing costs.

In answer to Barbara LaBoe's question, Councilmember Yund stated that proceeds from the excess levy would not be received by the city until 2010, however this would provide a means for the city to repay any interfund loans that may be needed in the interim.

8515 Councilmember Yund left the meeting at 2:15 p.m.

Councilmember Queen asked if budget reductions would be required of every department. Dave Vorse stated that none of his departments are dependent on General Fund revenues. Councilmember Marcil added that any decision regarding budget reductions and the departments involved will be made by the

mayor and councilmembers.

Barbara LaBoe's asked if the audit report was what prompted councilmembers to review the current budget. Councilmember Marcil stated it was not the audit report; but rather the issue of a continued stagnant economy and the need to develop a repayment plan if interfund loans are necessary.

Mayor Larsen suggested that dates for budget meetings be set. Covington stated that budget proposals for 2010 are not due from department supervisors until August 1<sup>st</sup>. Councilmember Marcil stated he would like to have a follow-up workshop to further review the status of the 2009 budget deficit.

Tape 2 of 2

Side A

0004 Councilmembers requested the mayor set a date for another budget workshop to allow further discussion of the 2009 budget. Covington stated she would be able to provide second quarter financials by the end of this week. Mayor Larsen stated she will establish a date for the meeting at tonight's regular city council meeting.

0210 Meeting adjourned at 2:25 p.m.

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Mayor Barbara Larsen

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Clerk-Treasurer

