

CALL TO ORDER

Mayor Helenberg called the November 5, 2018 Special Meeting to order at 7:16 PM. Location of meeting: Castle Rock Senior Center, 222 2nd Ave SW.

Purpose of the Special Meeting: Review and clarify sections of the proposed budget for the fiscal year 2019. Councilmembers in attendance: Art Lee, Lee Kessler, Earl Queen, Paul Simonsen and Ellen Rose.

Also Present: Public Works Director Dave Vorse, Police Chief Scott Neves and Clerk-Treasurer Carie Cuttonaro.

Documents distributed:

- 2019 Estimated Revenue Report
- 2019 Estimated Expenditure Report
- 2019 Planned purchases using Real Estate Excise Taxes (REET)
- 2019 Summary of Wages
- Outline of current 2018 utility rates showing costs by usage amounts and proposed impact of utility rates with a 3% increase for water, sewer and stormwater residential customers.
- Outline of current Planning rates, comparison with Cowlitz County, Kalama and Woodland and proposed increases.

Mayor Helenberg stated that General, Water, Sewer and Stormwater Funds are in balance. He stated time was spent with Police Chief Scott Neves, Police Sergeant Charlie Worley, Public Works Director Dave Vorse and Clerk-Treasurer Carie Cuttonaro balancing the budget. He stated it is similar to last year except for rate increases in insurance and wages. We ended up cutting more than \$300,000 from the budget. Revenues are gaining a little bit, but the cost of living increases use that up, not leaving anything for projects. Water Sewer and Stormwater rates need a 3% increase to balance the funds. The proposed 3% on 500 cubic feet would be less than \$5.00. It would be less than \$9.00 on 1,300 cubic feet.

Vorse stated in the past we've used the Real Estate Excise Tax (REET) to help mitigate the General Fund. AC Ductless Heating, Windows Replacement, Desktop Scanners, Monitors, UPS's, Radios, Computer Desktops and the Server Room.

We plan to use the AWC Loss Control Grant (total of \$5,500) to provide security cameras on the inside and outside of City Hall.

Vorse stated the Park Fund within the General Fund has \$8,344 budgeted for 2019. In comparison there was \$20,677 budgeted for 2018, but that included \$10,000 revenue from the sale of the Exhibit Hall to build the structure by The Rock. The 2019 budget is decreased by \$2,333 compared to 2018.

There is still a plan to do a sign for the Jail Park and Gateway Park (similar to Coldwater Park). There are still three or four to go. The plan is to do a little at a time to keep the fund expenditure low. There are plans of improvements for Coldwater Park including lighting and covered areas over the benches.

Vorse Streets (100) has \$161,176 budgeted for 2019, which is an increase of \$18,676 over 2018. This is due to maintenance costs and a state audit for the Huntington Ave S Overlay project. Transportation Benefit District will pick up these costs, in addition to the debt payments.

In response to Councilmember Kessler's question, Cuttonaro clarified the Street Fund Transfer of \$52,530 is from the General Fund. Vorse stated the TBD transfer is \$62,006, which includes all of the debt payments.

Vorse stated the Street Construction Capital Fund has the Dougherty Dr Reclamation Project, which is fully grant funded and Exit 49 Pedestrian Improvement Project Phase 2. You may recall we secured \$260,000 from the Cowlitz County Rural Development Funds, ½ loan and ½ grant. At the time we didn't have the match for Huntington Ave S Overlay Project or Exit 49. We were able to secure the federal match for Huntington Ave, so we asked Cowlitz County Commissioners if we could move funding from Huntington Ave to Exit 49. This request has been approved.

We will also complete chip sealing on Pioneer, North, Northwood Ct, Balcer, and Cowlitz County will be doing Westside Hwy, so we will have them do the section located inside city limits at the same time.

Neves stated we shifted \$21,000 for the final payment of the 2016 police truck from General Fund to Local Criminal Justice Fund (1/10th) along with the interest only payment of the 2019 vehicle, in order to lessen the impact in General. We tried to build the Local Criminal Justice Fund to finish the second phase of the remodel upstairs, which has been put off for five or six years due to the economic downturn. Traditionally, these funds are used for major capital and pay for one vehicle. The vehicle replacement plan was authorized by Council about 10 years ago, with one vehicle coming out of General Fund and the next coming out of 1/10th. Councilmember Kessler asked if this was still the plan. Mayor Helenberg responded that this is still the plan, however, we are stretching out the loan from three to five years for the 2019 vehicle purchase. 2019 will be an interest only payment, with principal and interest in 2020 – 2024. The previous purchase made in 2016 was an interest only payment in 2016, with three principal payments in 2017 – 2019. In response to Councilmember's question about the conflicting cycles (3 yr/5 yr), Neves stated the problem we ran into this year is the 2007 Expedition needed to have part of the motor replaced, along with a timing chain in the 2007 Expedition. This is our reserve spare unit and it caused a trickle-down effect in the budget, where we had to make cuts in other lines to make up for this unanticipated expense. We have found over the years that is more cost effective and safer for the Agency to have newer vehicles to eliminate the maintenance and liability costs. The number one litigated item is vehicle accidents, so anything we can do to protect the public and our officers by updating equipment, we try to do. We came into this budget process with our wish list, but quickly faded back to 2018 numbers with a few adjustments for line items we knew we were over. Any big changes included are beyond our control such as insurance, wages, etc.

Vorse noted that Humane Society of Cowlitz County and Cowlitz County Jail want more money and what happens is that we take the hit trying to balance while all the surrounding agencies increase fees.

Cuttonaro noted that the liability insurance has a 7% overall increase. Vorse stated that beginning two years ago, the costs began to increase exponentially due to 100% coverage of the assessed value.

Vorse stated that medical insurance also increased by 4%.

Mayor Helenberg stated that the Humane Society of Cowlitz County increase was negotiated as a team which included all cities, except Kalama. They originally wanted 35% and they eventually settled on a 20% increase plus a full-time veterinarian cost of \$1,800. An additional increase of 5% in 2020 and in 2021, along with the \$1,800 veterinarian cost. The total for 2019 is \$12,420, an increase of \$3,570 from 2018. Neves stated that you run into issues with costs related to the animals, it's not just catching the

animal, but what you do after the animal is caught. Kalama has received large vet bills several times due to animals begin struck by vehicles, can't locate an owner.

Mayor Helenberg stated the minimum wage increase in addition to the full-time veterinarian is the basis for the increase. There is a \$10,000 pool for larger animals and if the money doesn't get used, it would go toward the spay/neuter program at the end of the year. State law states that stray animals have to be claimed and the owners are responsible for legality and financial responsibility. Humane Society is hoping to have a feral cat program.

Councilmember Kessler asked about the increases in the City Planner and City Engineer Services. Cuttonaro stated the Shoreline and Critical Areas have to be updated in 2019. There is a state grant of \$10,000 to apply to those costs and City Planner Gregg Dohrn believes both updates can be completed with the grant. This is in addition to his regular costs.

Vorse stated the engineering services are related to building permits.

Cuttonaro stated there is a proposal included in the packet for proposed planning related fees. A comparison was completed which included Cowlitz County, Kalama and Woodland. There are only minor proposed updates to our fees.

Mayor Helenberg stated there is a retired planner looking for some part time work that we may be able to hire. We used Gregg Dohrn for the Shoreline Master Plan, so we'll continue to use him for that. Previously, CWCOCG provided the regular planning services, but they discontinued that service. Dohrn took over those in addition to the Shoreline.

Councilmember Lee asked what increased the IT costs. Cuttonaro responded that the additional email addresses annual costs is included in the contract costs instead of being separated. Lee stated the 2018 budget had \$7,690 with actual through September of \$14,443. Vorse stated there was a one-time purchase to increase from 25 to 50 email addresses. Neves added that the State requires all emails be archived under the public disclosure act. This is a service that captures all incoming and outgoing emails and retains them in long-term storage.

Cuttonaro stated there are potential savings utilizing Compass Lane for hardware maintenance for the Finance Office. Currently, there are two contracts with Vision; software and hardware. However, the analysis will not be completed in time to be included in the 2019 budget.

Vorse stated that we are maintaining the \$205,000 beginning fund balance in the General Fund. All funds are in balance. Water/Sewer funds are in balance including a 3% rate increase to water/sewer and stormwater, however the utility tax will remain at 15%. Last year the utility tax was increased from 10% to 15%.

Vorse stated the goal for the Public Works Vehicle Replacement Fund is to secure a newer 1-ton dump truck. These items are going for high-end dollars at auctions. We would prefer a diesel over a gasoline engine.

Vorse stated that there is a Regional Water Board meeting this coming Wednesday and that we are not anticipating any rate increases at the regional water level. One reason we are able to keep the rates low this year, is because we are not doing any transfers to the regional capital projects. There may have to be an increase next year if there is a project that needs to be completed. Last year, our crew washed,

prepped and painted the exterior of the Spirit Lake Hwy Reservoir. This saved the City approximately \$50,000.

Vorse stated in the Stormwater Fund the next phase of the stillwater conference of work was estimated at \$80,000, but we were not able to secure that, so we broke it down to \$40,000 this year and \$40,000 next year.

At the Wastewater Plant, we have \$38,000 worth in PLC to replace. This will be a five year program.

We will paint the exterior of the Bond Rd Reservoir, which is twice as big as the other reservoir.

We have upgrades to the shop building. We will also undertake state law required upgrades to the water system plan at a cost of \$52,000 shared between Regional Water and Water. This was required every six years but they've changed the law and it's every 10 years, so we'll be good for 10 years after this update.

Vorse added the Cherry St Lift Station Improvement project is included in the proposed budget. We need to add electrical panels.

We are still counting on the Port of Longview to come through with the \$41,000 match. As far as I'm aware, that is still included in their budget for next year. We have secured \$165,000 from the Recreation and Conservation Office for the planning. We will be submitting grant application for the construction portion this Wednesday. If we are awarded, it's approximately a \$960,000 budget.

Vorse stated we anticipate a new way for people to make donations for the RV Disposal. This is a revenue source that supports the restrooms, dog park, trail, bike park and the skate park. Once the land swap is completed with the DNR, which we anticipate will be soon, we'll be able to begin selling the dredge spoils again, which is the other revenue source for the DOT Spoil Site Fund. \$250,000 is included in the budget as a pass-through for the Youth Athletic Facility grant for the fields. There is money for the City, we will only manage the grant.

Councilmember Kessler stated that we need to figure out a way to get retail businesses inside city limits. Vorse stated that national chain stores will look at how many people reside within a 10-15 minute drive. They won't even look at you if you don't meet their number. We are constantly looking for opportunities through the Economic Development Council. Our infrastructures are ready for the growth.

Mayor Helenberg thanked the department heads for their hard work on the budget.

ADJOURNMENT

There being no further business, Mayor Helenberg adjourned the Special Meeting at 8:29 PM.

Paul Helenberg, Mayor

Carie Cuttonaro, Clerk-Treasurer