

0017 Mayor Larsen called the budget workshop meeting to order at 6:00 p.m., with the following present: Councilmembers Ed Smith, Julie Bean and Greg Marcil, Public Works Director David Vorse, Clerk-Treasurer Ryana Covington and Daily News correspondent Barbara LaBoe.

0040 Vorse outlined capital outlay requests and proposed projects for the following funds:

STREET FUND (Fund #100)

Capital Outlay request: \$ 425 for purchase of one weedeater

Projects:

Vorse applied for a Small City Pavement Prevention grant in the amount of \$50,000. He has since been informed that funding for these projects will not be available in 2007, so this item needs to be stricken from the proposed projects.

Other proposals include:

\$15,000 for an overlay project. Next year. Vorse stated he would have the city council determine which streets to be completed, based on results from the city's annual street survey report. Appropriations for overlay projects have been increased due to costs for asphalt and paving materials.

\$7,500 to chip seal gravel streets. Vorse stated he would like to eliminate maintenance of gravel streets in our city by covering with a chip seal. Some of the most used areas include the 1000 block of Fourth Avenue, Cummings and LaRue.

Covington outlined salary increases for public works contractual employees. In accordance with the public works collective bargaining agreement, salaries will increase 4%, which is 90% of the CPI-W for all cities, based on June-June calculations. The bargaining agreement allowed for a range of 2% minimum and 4% maximum increase.

In addition, Covington has estimated a 15% increase for health insurance costs. Currently public works employees pay \$25/month toward this coverage.

Vorse added that he has increased overtime calculations for the Street Fund to reflect the employee's preference in choosing wages over compensatory time for overtime hours.

ARTERIAL STREET (Fund #110)

Projects:

#1 Front Avenue NW Sidewalk Project; \$142,000, funded by a Transportation Improvement Board grant in the amount of \$110,000 and city funds in the amount

of \$32,000). This project was slated to be completed in 2006, however the one bid that was submitted greatly exceeded the engineer's estimate for the project. Vorse stated the State may increase their grant award to approximately \$112,000. The city's portion for this project includes installation of street trees and landscape rock. If the city chooses not to install the trees and rock, the city's contribution would be \$25,000.

#2 Huntington Avenue South Entrance Feature, Phase III in the amount of \$20,000. After this is completed, a final phase to install a welcome sign and a kiosk could be completed in 2008. In answer to Councilmember Smith's question, Vorse stated maintenance of the plantings takes a lot of time, however the landscape designer assured staff that as plantings mature, maintenance would decrease. Vorse stated the city would still need to contract with Cowlitz County to spray the brush growing at the base of the hill. Until that time, the proposed budget includes the use of Cowlitz County jail crew to assist with maintenance issues.

#3 Downtown parking – Phase I, Grading and rock; \$7,000. Engineering for the stormwater issue will be paid through the Stormwater Fund. The project includes the alleyway behind the Exhibit Hall, between Cowlitz Street West and Jackson Street.

#4 Crack/Chip seal – 200 block of Cowlitz Street West and 100 block of Third Avenue; \$3000. Vorse stated these roadways are getting longitudinal cracks and this will protect them from further wear.

#5 Cowlitz Street West Revitalization – Phase I; \$2,000,000. Vorse stated that Cowlitz County has awarded the city \$250,000 from Rural Development funds for this project. He will also be applying for Small Cities transportation funding in the amount of \$400,000. In addition, the city applied to Public Works Trust Fund (\$1.2 Million), however did not rank high enough to be funded in 2007. Next year the city will be reapplying for those funds. Finally, the city also has applied for a \$500,000 Transportation Improvement Board (TIB), Small City Account. He advised that the TIB grant might be difficult to get because it is based on surface wear, and the city overlaid this street in 1994. In addition, the city ranks low when accidents, deaths and injuries are assessed for this area.

- 1512 In answer to Councilmember Smith's question, Vorse stated that the Army Corps of Engineers will allow the city to cut, but not remove the trees growing along the dike. Trees can be trimmed to a lower height on the lower shelf, as long as they still provide shading along for the fish in the river. Councilmembers discussed various areas to improve river views, especially along the Riverfront Trail system.
- 1675 Covington stated that proposed budgets for the Street and Arterial Street Funds would require transfers from General Fund in the amount of \$77,573 (Street Fund) and \$55,400 (Arterial Street). Vorse asked councilmembers to rank projects in each fund.
- 1785 Street Fund – councilmembers supported purchase of the weed eater. For projects, they unanimously ranked the \$15,000 overlay project as the first priority and chip

sealing the gravel streets as the second priority. Councilmember Skeie stated he support projects that would benefit the most people. Councilmember Bean felt that she cannot remark on the alley overlay, because she resides on LaRue Street.

Arterial Street Fund - Councilmembers unanimously ranked the Front Avenue NW sidewalk project as their highest priority. In answer to Councilmember Bean's question, Vorse stated the tree and rock work would be completed with city personnel.

All councilmembers ranked the Cowlitz Street West Revitalization project as the lowest, unless additional financing can be secured. Councilmember Smith also added that it would be appropriate to complete the Phase 1 Downtown parking before Cowlitz Street West revitalization begins.

Councilmember Marcil felt that the crack sealing of Cowlitz and Third Avenue should be the second priority, adding that he wants to preserve existing streets before completing a new parking facility. Councilmembers Skeie and Smith ranked completion of Phase 3 Entrance Feature as the second priority, citing that they would like to see existing projects completed.

Councilmember Smith stated he would like to see improvements to the community, that will attract investors who would be willing to erect newer structures and boost the city's economic and structural values in the community. This in turn will boost revenues to allow more projects. In addition, property owners in the commercial district must continue to improve their buildings to make them more 'turn-key' ready and aesthetically enticing to shoppers.

2318 EXHIBIT HALL FUND (Fund 120)

Covington stated revenues for this fund are from Hotel/Motel proceeds. Expenditures support the Exhibit Hall and the director's salary. \$5000 has also been appropriated for participation in the 'Awesome Brochure' and for tourist related publications.

2437 Covington stated that she has included a 2% cost of living increase for non-bargaining employees. However, due to the 4% increase that the public works bargaining contract will be providing, Covington requested council direction on assessing a cost of living adjustment for non-bargaining employees.

Councilmember Smith noted that most of the department supervisors have reached the top step of their salaries. He noted that Covington and Vorse have also reached the top step for any longevity increases.

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2506 Councilmember Smith suggested that discussion regarding the pay structure for supervisory staff be re-evaluated. He also voiced concern that the revenue source

to support the Exhibit Hall Director has been dwindling over the years.

2814 LIBRARY FUND (Fund #130)

Covington told councilmembers that the Library Board has requested the city ask voters to support an excess levy for library services. If this excess levy does not pass, councilmembers will need to assess what level of services they want to retain. Covington stated that the library budget does not include any material changes from the past two years, with the exception of a 2% cost of living increase and mandated increases for benefits.

2903 ACCUMULATIVE RESERVE FUND (Fund #150)

This is an emergency fund to be used on an interfund basis. Any individual fund needing these resources would be required to repay the amount used, plus interest. In accordance to council's direction, an additional General Fund transfer in the amount of \$2500 has been budgeted for 2007 to increase the available reserve amount. No expenditures are anticipated from this fund.

2939 CDBG GRANT/HOME REHAB PROJECT (Fund #160)

The beginning fund balance is estimated to be approximately \$78,000. Covington explained the process for residents to apply for these funds to rehabilitate low or moderate income, owner-occupied homes to repair health and safety issues. At this time, no rehab projects have been scheduled, however the application process is available to qualified homeowners throughout the year.

3064 P/W VEHICLE REPLACEMENT FUND (Fund #180)

Vorse stated the capital outlay requests include purchase of a one-ton used dump truck (\$15,000) and a used cat loader or tiller (\$15,000) to be used for biosolids management. Revenue are generated from the Water Fund, Sewer Fund, Street Fund, Regional Sewer Fund and Regional Water Fund, with each contributing \$3000 through an interfund transfer.

3358 LOW INCOME HOUSING FUND (Fund #195)

Revenue originates from the county document recording fee distribution. Covington stated, since the city funds are very limited, there has not been a plan developed to determine the use of this money. These funds must be used to develop affordable housing, but it could also be used for utility payment assistance programs. The city will need to develop a committee to determine the use.

3555 SWIMMING POOL CONSTRUCTION FUND (Fund #300)

Covington noted that these funds can only be used for construction of a swimming pool. In answer to Councilmember Marcil's question, Covington stated that investment revenues have been included as an estimated revenue source for 2007. No investment activity has been completed for the past two years due to low investment profits.

3624 AMY THOMPSON LIBRARY TRUST FUND ( Fund #621)

No proposed projects are planned in 2007. These funds are held in trust for capital improvements to the library services.

- 3729 Covington outlined unfunded projects for 2006. This includes a new phone system to replace a 15+ year old system. Councilmember Smith suggested that Fire District #6 be asked if they wish to also participate as a partner, since they currently share our system. Covington stated that an estimate will be included in the proposed budget, however bids will not be solicited until 2007.

Covington also noted that bargaining unit negotiations have not started for the police employees and the clerical employees recently notified the city that they have formed a new bargaining unit. Personnel costs largely impact the budget estimates and because negotiations have not begun on these issues, it is difficult to assess expenses for both salary and subsidiary costs, such as retirement, labor and industries and employment security.

- 3941 Mayor Larsen adjourned the workshop meeting at 7:15 p.m.

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Mayor Barbara Larsen

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Clerk-Treasurer