

0021 Mayor Barbara Larsen called the Budget Workshop meeting to order at 6:10 p.m., with the following present: Councilmembers Mike Reilly, Mike Mask, and Earl Queen. Chief of Police Bob Heuer, Sergeant Scott Neves, Police Officer Jeff Gann, Librarian Vicki Selander and Clerk-Treasurer Ryana Covington.

0023 Chief Heuer acknowledged that at the beginning of this year he was informed that the city was experiencing revenue shortfalls. His goal was to try to maintain or reduce expenses.

Local Criminal Justice Fund:

0206 Officer Gann showed a Power Point display, with Heuer and Neves explaining their projections for the 1/10th of 1% sales tax revenue.

Heuer stated that a final lease payment for the patrol vehicle will be paid early next year and he proposes to include the purchase of a new vehicle in 2009. The lease for this vehicle has been included as a proposed expenditure.

Heuer stated this fund has been used for capital purchase needs, such as the equipment and upstairs remodeling. Heuer stated Phase 2 of the police office remodeling includes installation of a stairway. However it has been difficult to get contractors to be interested in the project. For this reason, they have moved into Phase 3, which includes completion of a training/meeting room. This project should be completed by the end of this fiscal year. Heuer stated that he did not include Phase 2 in the 2009 proposed budget.

0536 Heuer stated revenues are received monthly, and they must be cognizant not to expend before revenues are received.

He noted that in last year's budget workshop, funding replacement of two vehicles was one of the priorities. Heuer stated he does not see that as feasible at this time. However he does feel that Officer Gann's vehicle is due for replacement and noted that it has approximately 130,000 miles on it. Heuer feels this fund should be able to support a lease payment for the replacement patrol vehicle by July, 2009.

Heuer stated the capital purchases listed will be dependent upon obtaining the revenues. Capital outlay requests include the following:

- Two Kenwood Radios; \$900 total cost
- Laptop computer; \$3,000 total cost
- Four sets of hard armor plates; \$2400 total cost

- SLR Camera; \$1,000 total cost
- Breaching tools; \$900
- Go bags for police reserves; \$1,300

0824 In answer to Councilmember Mask's question, Heuer stated the amount included for the vehicle is one lease payment. The proposed lease will be \$16,000 per year for a three year period. At the end of the lease period, the city will only need to pay \$1.00 and the vehicle will belong to the city.

Neves explained the cycle between when a vehicle is purchased and when the city is able to take possession.

Heuer stated the city cannot order any new vehicles this year because funds will not be adequate enough to finish paying for the existing lease and first payment of a new lease.

Heuer stated last years revenues were \$32,000 for the year and next year they are anticipating \$30,000.

In answer to Councilmember Mask's question, Neves stated city vehicles are financed through a municipal leasing agency. This provides for better terms on the lease. Councilmember Mask suggested if payments can be made monthly, instead of annually, the city might be able to order the vehicle earlier; citing that he is concerned over the age of the vehicle to be replaced. Covington stated monthly payments would result in a higher cost paid for the vehicle.

Sgt. Neves stated that he does not guarantee \$16,000/year to be adequate enough to cover costs for the new vehicle, especially if interest rates begin to rise. Chief Heuer explained his two-step contingency plan that would be incorporated if one of the vehicles would need to be deadlined.

Councilmembers Reilly and Queen felt that the current leasing cycle should remain the same to ensure adequate revenue flows.

Covington stated if it became critical to purchase a patrol vehicle prior to having the funds in the Local Criminal Justice Fund, councilmembers could approve an interfund loan from the Accumulative Reserve Fund. However interfund loans must be paid back, including interest at the current rate.

2318 In answer to Mayor Larsen's question, Sgt. Neves explained the function of the air cards which allows wireless access to data. Officer Gann stated this is a computer card which slides into the in-car computer so that officers can connect to the Internet via a cellular connection. Heuer explained an example of how this technology has been used.

2608 In answer to Mayor Larsen's question, Neves stated the department has five

laptop computers; one in each of the four patrol vehicles and one in the Chief's vehicle.

- 2710 In answer to Councilmember Mask's question, the proposed purchase of two Kenmore radios are replacements for older existing radios. The older radios will be phased out and used by the Reserves.

Neves stated the proposed laptop computer will replace his desk computer. This desk computer will then be set up as a work station for use by the Reserves.

Neves stated the hard armor plates go into a carrier for use in high risk situations. The soft body armor currently used does not defeat rifle ammunition and the hard plates would resolve this issue. The hard plates would be issued to all officers to be kept in the patrol vehicles.

SLR Camera – this is a digital camera that provides a more detailed picture of crime scenes.

The police department currently does not possess a breaching tool and must rely on Cowlitz Fire Protection District #6 when the need arises. This tool is used for breaking open doors to gain emergency access. Neves stated in critical situations, the tool needs to be available rapidly for use by officers.

'GO' bags for Reserves. Neves stated this is a type of 'grab and go' bag that includes safety items such as gas masks and additional high risk equipment. Regular patrol officers already have this equipment available to them.

In answer to Councilmember Mask's question, Neves stated that reserve officers can be assigned a vehicle and have done individual patrols. Chief Heuer offered additional examples of when a reserve officer would need the emergency protection equipment.

- 3518 In answer to Councilmember Mask's question, Neves stated the capital outlay requests are listed in order of priority.

3712 Criminal Justice Fund :

Sgt Neves stated these funds are allocated by the State and are committed to identified special criminal justice programs. These funds are used for the bike patrol, at risk child programs and to support the county's domestic violence shelter (interagency agreement). Covington stated the city's agreement with the Cowlitz Chaplaincy also is funded through this source.

Covington stated funds are to be used specifically for law enforcement programs and cannot be used to supplant normal operations.

Councilmember Mask asked if these funds could be used for video surveillance

cameras to support the bike patrol program. Sgt. Neves stated there is specific equipment that is recognized as being used for bike patrols. Mask suggested that the Riverfront Trail is also a bicycle path and cameras might be an asset for the patrol units. Chief Heuer explained that the video camera project might better be funded through the program that Officer Gann is trying to develop through another State agency. Councilmember Mask stated the bike patrol has been a great community outreach asset. Heuer stated there is a training component required for the bicycle patrol and officers can participate on a volunteer basis.

Heuer stated other sources in the Criminal Justice Fund also come from high crime and population based revenues.

4833 Chief Heuer distributed a handout outlining seven grant resources for fiscal year 2009 that he wants to be included in his budget projections.

These resources are:

ESD 112 Safe Schools grant:	\$9,000
WASPC Grant; Registered Sex Offender	\$1000
Wa Traffic Safety Commission; Seat Belt Enforcement	\$4,000
Wa Traffic Safety Commission; DUI Enforcement	\$4,000
Wa Traffic Safety Commission; Equipment Grant	\$1000
AWC Safety Award; Equipment Grant	\$1000
AWC Loss Control Grant	\$1000

Covington stated she has not received this listing prior to the meeting and many of these have not been included in the General Fund revenue projections.

In answer to Covington's question, Sgt. Neves stated the Washington State Traffic Safety Commission grants for Seat Belt Enforcement and DUI Enforcement are 'soft' estimates. The Sergeant explained that these are actual federal 'pass through' grant money and the State distributes amongst the State's regional areas. Neves stated each region has a task force coordinator that filters the funding to each participating agency.

Side - B

5245 Heuer stated the WASPC Sex Offender Grant should be between \$900 and \$1000 and the AWC grants are competitive through the city's risk manager.

5447 Chief Heuer distributed a 'Budget Comparison Report' to councilmembers. He stated this report lists Police Department expenses that he can control. For example, police salaries are not listed because they are determined by a collective bargaining agreement. The Comparison Report shows a 7% decrease from 2008 to 2009 proposed expenses of the expenditures listed. Heuer stated that he is concerned with some of these expenditure reductions, however in past years he has returned approximately \$30,000/year of unexpended funds. With the noted

reductions, he does not expect to have much of an unexpended amount at the end of 2009.

Covington stated the entire proposed budget for the Police Department, including salaries and benefits, actually shows a total increase of approximately \$8400 over 2008 appropriations.

Mayor Larsen outlined ways in which Chief Heuer attempts to decrease travel costs.

In answer to Councilmember Mask's question, Neves explained the 9-1-1 Communication funding formula, which takes into account population and assessed valuation of each entity. This amount is divided by the number of calls, with the current call fee being approximately \$17.00 per generated call. Neves stated the city has between 2400 to 2700 generated calls per year.

Councilmember Mask asked if there were ways to reduce the generated call rate to reduce the city's 9-1-1 billing. Heuer explained that the communication center bases their operating budget on a past call rate. If everyone reduces their call rate, the communications center would just need to reassess the call fee to meet their operating needs. Heuer stated some calls, such as public assistance, already are not being documented through the center, which already reduces costs.

Councilmember Mask questioned why staff is allowed to take their vehicles home. He suggested eliminating this would save the city in vehicle maintenance and fuel costs. Heuer stated he does not have enough manpower to cover 24-hour coverage. Officers cover these hours by being on-call. Mask suggested that not all officers are on call at one time. Heuer stated this would create a problem with shuttling vehicles. He also explained advantages with emergency situations where officers can respond directly to assist. Councilmembers continued discussion on this issue, with Councilmember Queen noting that he would be opposed to not allowing officer to take vehicles home with them.

In answer to Mayor Larsen's question, Heuer stated the \$12,000 increase in overtime reflects the grant requirements; \$9,000 for the school grant and \$1000 for the Sex Offender grant. In addition salary increases (hourly rates) will also increase overtime totals.

In answer to Councilmember Mask's question, Covington stated the collective bargaining increase for salaries is 4%, however the chief's increase was included as 5.6%. The non-bargaining percentage was only a starting point set by the city council and reflects the cost of living for all cities (June 2007-June 2008). This amount can be changed by city council recommendation.

Chief Heuer felt that budgetary cuts need to be through non-personal issues because the city is a service and staff provides that service. He stated that it

would send a value message by not increasing supervisory pay; noting that he works more hours than anyone in his department and he does not get overtime.

Councilmember Mask voiced concern that he does not know how the city will continue to operate unless it becomes more fiscally responsible. In answer to Councilmember Mask's question, Covington stated General Fund only has two main revenue sources; sales taxes and property taxes. For approximately the last five years, the city has continued to use fund balances to meet General Fund adopted obligations. Covington provided Chief Heuer with General Fund revenue projections for fiscal year 2009.

Councilmember Mask stated he is concerned over possible budgetary shortfalls and he would like to address budgetary staffing and pay in a future executive session. Councilmember Queen suggested that the full council needs to be present when salary appropriations are discussed.

Councilmember Queen asked why the council has not been informed that the city's budget is in trouble. Covington noted that councilmembers have been kept informed of the budget problems. On a monthly basis councilmembers have received Fund Balance reports for all funds within the city's budget. These reports show monthly and yearly revenue and expense totals. In addition, each quarter councilmembers are provided with expense and revenue spreadsheets showing General Fund totals by department and also spreadsheets comparing utility rate fee information to operating needs. Covington stated that each quarter she has reported to the council that expenditures for General Fund have exceeded current year revenues.

In answer to Councilmember Reilly's question, Heuer stated he felt his proposed 2009 budget has been reduced as much as he can without negatively impacting operations.

Chief Heuer and staff members concluded their presentation and left the meeting.

Tape 2 of 2

Side – A

0005 Librarian Vicki Selander stated the total proposed 2009 budget for the library is \$64,305, a \$9,284 increase over 2008 O & M appropriations. Increases include a \$7,000 Gates Foundation Grant for computer equipment and funding to paint the building. Selander stated she will attempt to procure donated funds to pay for the painting expenses. Funding for the library is contingent on voters approving an excess levy in November. Covington noted that the Library Fund revenues also include a General Fund transfer in the amount of \$3,500.

Covington stated that salary increases include the 5.6% increase for non-bargaining as suggested by the city council.

Covington reported that today she has received notice from the city's liability insurance carrier that the city's rate will increase 39% over 2008 costs. This increase will be appropriated proportionately to each applicable fund and has not been reflected in the Library Fund. Covington provided councilmembers with a copy of the AWC RMSA notice of rate increase.

Selander provided a historic account of how the library was able to continue operations when the city finances could not longer support the expense. Staff and operations were greatly reduced and volunteers donated additional time and funds.

Covington expressed concern that property tax revenues supporting both the library and General Fund are not being received at the same rate as previous years. Selander suggested that homeowners might be dividing their payments through the year instead of paying in full in February.

Councilmembers noted there is a chance that budgetary cuts will be required of all street funds, public works vehicle requests and many other projects. Covington stated the city budget should represent the goals of the elected officials. These goals need to be considered when evaluating budget priorities or reductions in all department and fund budgets.

Councilmember Mask noted that last year department supervisors received a substantial salary increase. This may not be possible this year. Covington agreed that staff needs should be a priority. The city still needs to operate within their revenue resources.

Covington suggested that council could take Councilmember Reilly's recommendation to do an evaluation on the differences in available per capita dollars within cities similar in size. This would provide a comparison of our city's ability to support wage increases.

Councilmember Mask voiced concern over the ability to pay salary increases for non-bargaining personnel and options were discussed. Covington suggested that councilmembers defer further discussion until all budget proposals have been reviewed and more current information is available.

Councilmember Queen stated that the junior members of the council rely on the senior members of the council and it would be desirable if they could be more supportive at future budgetary meetings. Covington stated that she understood his issue. However she noted that a budget calendar was distributed to all elected officials and supervisory staff in July. This outlined timelines set forth by State law for revisions of the proposed budgets and also denoted when public hearings for the proposed budget are to be set.

Vicki Selander stated if salaries are an issue, she did not plan on any salary

increase in 2009. Mask stated that the council suggested a salary percentage increase to be used for establishing a salary base in 2009. However the percentage amount could be adjusted up or down.

Councilmembers discussed upcoming meetings pertaining to budget workshops and an audit committee meeting. Covington outlined items to be discussed at the audit committee meeting scheduled for October 29th.

Councilmember discussed possible options for reducing the city's operating costs. All agreed that impacts to staff will be considered as a last resort.

- 2196 Covington discussed the amended revenue projections distributed at the beginning of this meeting. She stated the year to date totals include September budget impacts for both revenues and expenditures for the General Fund. If the projected revenues are realized and General Fund departments expend all that was appropriated, the General Fund will end the year with a deficit of approximately \$38,000. However expenditure trends for January to September have been less than what was appropriated. If this trend continues, the General Fund ending balance should be approximately \$129,000.

Covington stated she will be providing updates of the revenue projections as updated information becomes available. In addition, Covington outlined the source documentation that she uses from previous year's revenue history.

Covington stated that in the past she has been known for being frugal with revenue projections. Councilmember Reilly stated he heard that statement being made about the city clerk during last years budget workshops. He stated that Covington was told last year to increase the revenue projections and he felt this is what created the shortfall for this fiscal year. In answer to Councilmember Mask's question, Covington stated that early in the year council directed staff having budgets supported by General Fund to reduce their budget spending by 5% if possible.

Side - B

- 2456 Councilmember Covington defined what non-revenues and non-expenditures are.

Executive Department

Includes appropriations for the mayor, city council and janitorial service salaries and benefits. Other services included in this department include the attorney and hearing examiner. Covington noted there will not be any increase in the monthly attorney retainage fee for 2009.

In answer to Councilmember Mask's question, city planning services are budgeted within Non-Departmental. Covington stated she would like to create another budgetary department within the General Fund, for tracking the financial

costs of building and planning services. By consensus councilmembers directed Covington present an ordinance at the next council meeting for establishing this additional department within General Fund.

Covington stated she will need to amend this budget to include the new expenditure estimates for the phone system and the liability insurance. She explained that the insurance increase will be appropriated between various applicable funds. The phone system costs will be shared equally between the Executive Department, Police Department, Finance Department, the Building/Planning Department (all within General Fund) and the Water Fund.

Finance Department -

Covington stated that appropriation requests for this department are an increase of \$10,384 over 2008 appropriations. These increases are due to impacts of salary and benefit increases and the proposed phone system.

Covington stated that historically she has disagreed with the amounts of past proposals for salary increases. She stated that she would prefer to forgo any salary increase if it would help to eliminate any staffing impacts in the Finance Office. She noted that the city's finance office current has the lowest staffing in the county and provides more services to our residents than in other comparable cities of similar size. The demands just for planning and zoning services are very time consuming and even at the current staffing level it sometimes is difficult to complete all of our responsibilities in a timely manner.

Other costs include \$4500 for training, which will be designated for continuing education for Municipal Clerk certification. In answer to Councilmember Mask's question, Covington outlined the 2009 projected salaries for each position and the departments that fund each position.

In answer to Councilmember Mask's question, Covington stated the two deputy clerk positions are covered under a collective bargaining agreement. Per the agreement, clerical workers will receive a 4% increase and a 2% market adjustment increase for wages in 2009.

Covington advised that Councilmember Mask has requested that she provide an outline of past salary increases. She stated that time constraints have not allowed her to complete this task. Unless it is important for the council, she asked to have this denoted as a low priority.

Covington discussed the proposed increases for insurance coverage for the city's LEOFF I retired police officers. She stated that 2009 amounts would be approximately \$80,000. Covington explained the survey that she conducted of cities 5,000 population and below. Most of the cities that are responsible for LEOFF coverage use AWC medical insurance coverage. This could save the city funds, however it is only available if all of our employees agree to convert to this

medical coverage. This would require renegotiating three labor contracts.

Councilmembers discussed issues pertaining to reducing budget expenses and processes for evaluating budget priorities. Councilmembers expressed concern over anticipated shortfalls in revenues and the amount of proposed expenses for 2009.

Councilmember Queen felt that growth and housing starts will be the key to creating the means for meeting our budgetary requirements.

Meeting adjourned at 9:15 p.m.

Mayor Barbara Larsen

Clerk-Treasurer