

Attending:

Mayor Barbara Larsen, and Councilmembers Ed Smith, Khembar Yund, Greg Marcil, Jeff Skeie

Staff: David Vorse (Public Works Director), Scott Neves (Police Sergeant), Charlie Worley (Police Officer), Ryana Covington (Clerk-Treasurer), and Bob Heuer (Chief of Police)

Public: Glen Spears, Mike Mask, Barbara LaBoe, Mr. and Mrs Jack Reilly

- 0155 Mayor Larsen opened the Workshop Meeting at the above time and location to discuss issues relating to the preparation of the budget for fiscal year, 2008.

Covington requested direction on compensation for the mayor's salary and establishment of cost of living increases for non-bargaining and part-time employees. Covington also stated that Chief Heuer has requested council review of his compensation, citing that both the Public Works Director and Police Chief's current salary is below what the City of Kalama pays for those positions.

- 0206 COLA Allocation and Discussion regarding compensation for Police Chief and Public Works Director positions.

Chief Heuer stated he has discussed the issue of compensation with Councilmember Yund and Chief Heuer would recommend a cost of living (COLA) increase of 4% for non-bargaining employees. Heuer noted that the police and clerical bargaining contracts provide a 4% and 4.43% COLA increase, respectively. He added that two years ago councilmembers reviewed the salaries for supervisory positions and in 2007, adjusted the compensation accordingly.

Yund – felt that compensation for supervisory staff needs to keep up with COLA increases provided to other employees. Marcil stated he is not opposed to this.

In answer to Councilmember Skeie's question, Covington stated that the CPI for CPI-W, June 2006-June, 2007 is 2.7%. The Public Works bargaining contract limits the increase to 90% of the CPI, which is 2.43%. Skeie stated he does not want to commit to a COLA amount at this time, until he has reviewed the entire proposed budget. For budget planning purposes, Covington was directed to include a 4% increase for non-bargaining and part-time employees, with the understanding that this may be reduced later.

- 0646 Mayor Compensation

Councilmembers reviewed impacts for compensation increases as compared to the current monthly compensation of \$150/month.

Smith – recommended increasing the compensation to \$350/month. Yund voiced concern over increasing compensation because at this time because the mayor currently chooses not to submit for travel reimbursements. If an increase is

approved, it could create an impact on both compensation and travel reimbursement costs if someone else holds the position.

Mask – requested clarification on the mayor’s duties.

Reilly – asked if any per capita comparison has been done for the community.

Skeie answered that the city is limited to its taxing authority and elected officials need to determine how those funds are to be spent. Heuer stated property and sales taxes are the primary revenue sources for the city and are influenced by the types of commercial businesses within the community.

By consensus, councilmembers recommended that compensation for the mayor be increased to \$300/month.

- 1630 Covington provided a comparison of revenue totals for 2006, 2007 and proposed 2008. Also included is a percentage comparison of departments and funds supported by General Fund revenues. Covington distributed a 5-year history data sheet for General Fund revenues.

Covington reviewed current year General Fund revenues and explained differences, which included moving excise tax revenues into a new fund (Fund #310) called Real Estate Excise Tax (REET) Fund. Covington outlined the use of REET funds. Staff is recommending that 2008 REET revenues be allocated toward the 2008 annual street improvement project. Covington stated that at this time, the 2008 estimated revenues are \$1,084,780. Estimation for the beginning fund balance will be re-evaluated at the end of the month.

- 2431 (Fund #010 General Fund); Police Department

Chief Heuer stated that he has met with the mayor and clerk-treasurer regarding his proposed 2008 budget and reports the budget to be status-quo. Capital outlay, in the amount of \$3500 if for purchase of equipment from two grants; AWC Loss Control Grant and Washington Traffic Safety Commission grant. Items to be purchased have not been identified yet, but would relate to available grant funding.

Line item; ‘Rentals and Leases’ include the existing contract for the copy machine. In addition, this line item also includes an additional appropriation for purchase of a new police vehicle, funded by a lease/purchase agreement. The new vehicle coincides with the department’s vehicle replacement plan. In answer to Marcil’s question, this would replace the vehicle currently being used by the chief.

Covington noted that personnel increases are the result of labor contracts and projected increases to Washington State labor and industries (3.2% increase), retirement system contributions and an estimated 10% increase in medical insurance premiums.

Covington stated the budget also includes an estimated increase of 10% for

liability insurance premiums from AWC RMSA insurance pool.

Heuer stated he has reduced the allocation for fuel purchase because prices have leveled off. Neves stated the tank will be filled again in late November, early December, and the cost is approximately \$6400.

3224 (Fund #145), Local Criminal Justice Fund

Covington and Heuer reported that the estimated revenues for this fund include \$20,709 for a beginning fund balance and \$28,000 from State revenues; for a total of \$48,709. State allocations are based on 1/10th of 1% of revenues derived from sales and use taxes.

Heuer stated projects and purchases for this fiscal year were almost completed. The only item still pending is installation of a stairwell to serve as a secondary access into the police offices. Heuer stated he has received a bid, but does not agree with the scope of the project. For this reason, \$15,000 has been requested for the 2008 budget, to complete this project. Neves stated the city still has not converted to e-ticket. Washington State Patrol is now using the system, however due to increased prices for equipment, many local police agencies are not yet using the system. Neves stated they are looking for possible funding sources from WASPIC before proceeding with the project.

Expenditures include the following:

Upstairs construction – stairway	\$15,000
2007 Vehicle lease (existing)	\$14,000
Sprint contract (existing)	\$ 1,450
Portable radios (2@ \$400 ea)	\$ 800
Patrol car video	\$ 3,000
Single Lens Reflex Camera	\$ 1,050
Hard armor plates (4@\$600 ea)	\$ 2,400
In-Focus projector	\$ 600
Lexipol (Per COP)	\$ 3,000
Go Bags (for reserves)	\$ 1,300
Computer workstations	\$ 3,900
Evaluation software	\$ 500
Breaching tools	<u>\$ 700</u>
	\$47,700

Heuer explained that Lexipol is a service that reviews and updates police policies in accordance with State law.

Neves explained that the digital camera is more expensive, however will save processing costs.

Yund questioned if there will be enough in the budget to pay for the final vehicle lease payment due January, 2009. Heuer assured that he has allowed for

adequate funds to meet this obligation in 2009.

4238 (Fund #140), Criminal Justice Fund

Covington summarized projected revenues for 2008, which include \$1200 grant for special criminal justice programs. These include the city's bike patrol, contribution to domestic violence support shelter and a program to address 'at risk' children. She also noted that the city will not qualify for additional State revenues for 'high-crime', but does qualify for 'violent crime' revenues in 2008.

Heuer stated he has not spent grant funds for the innovative program for 'at risk' children, however in 2008 he is beginning a program using the city chaplain services.

4452 (Fund #190), Drug Enforcement Fund

Covington stated council just passed an ordinance amending the use of this fund to include revenues received from drug investigations, such as forfeiture proceeds. This action was reviewed and approved by the State Auditor's office.

The previous fund balance includes \$800 and 2008 revenue is estimated to be an additional \$5000.

Mask questioned how these funds are to be used. Neves explained that if the revenue originated from drug forfeitures, expenses are restricted to only drug investigative purchases and cannot be used for general police work. This can include confidential informants, overtime, and drug buys. Covington stated expenditure accounting numbers will be added, as needed.

4852 Chief Heuer advised that he does not believe that recent situations warrant additional staffing, even though annexation of the High School property did increase their workload. He has discussed this issue with various councilmembers and at this point, he does not feel the added expense is justified.

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5012 Skeie felt that the justification is present, however the funding for an additional patrol position is not available. Covington asked about the School Resource Officer position that was offered to be funded by the school district. Heuer stated the city cannot depend on the grant funding for this project. He voiced caution that the city will be expending time and funds to hire and train an officer, only to have to lay off the position if finances decline.

5435 (Fund #010, General Fund); Municipal Court Department

Covington reported that increases include city prosecuting attorney costs, court appointed attorney fees, a 2.7% increase in the District Court administrative fee and 3% increase in the daily rate for jail costs.

In answer to a question from Mask, Chief Heuer stated that the only time it would benefit the city to outsource jail services would be for long-term sentencing (over 30 days). The cost is approximately \$20/day less, however to use another service would require renegotiating the contract with Cowlitz County. Heuer noted that while this may be feasible, research shows the city has a very small number of people sentenced for that length of time. Heuer stated the city needs to continue to really monitor the sentencing and the jail bill. Information needs to be provided to the city prosecutor in a timely manner to reduce arrestees sitting in jail awaiting sentencing.

Heuer stated they are still looking into the possibility of have the city contract for a public defender instead of using the District Court contracted attorneys. Then the city could make some type of arrangement that would require the court-appointed defenders to move these cases more efficiently.

Covington stated the City of Burien mandates that inmates pay for a portion of their jail bill. This information was forwarded to both the city attorney and police chief. Yund added that a recent Florida Supreme Court ruling may now prohibit against this practice.

6326 In answer to Yund's question, the five-year history for court fines was reviewed. Covington noted that these revenues are receipted into General Fund, but are not adequate enough to fund all court related expenses.

6510 Neves stated he has contacted the correction facilities in Wapato, and that facility is reluctant to accept prisoners with less than 15 day sentences.

Skeie – supports jail sentencing as opposed to early releases, if the purpose for releasing is just to save some money.

Heuer stated that he feels that the higher jail costs are still part of the impact of going for ten years without adequate jail facilities.

6741 (Fund #010, General Fund); Non-Departmental

Covington explained this fund allocates expenses for General governmental services, such as election costs, audit costs, planning, inter-governmental expenses, Humane Society, Emergency Management, and others.

Covington stated that the city will need to budget for yearly audits because the city's federal debt exceeds \$1 million dollars. Estimated cost for next year's audit is \$14,000. The Regional Sewer Fund will share with the cost of the audit.

The project to re-codify the city Municipal Code will continue into the next fiscal year, so funds have been re-allocated to complete this project. This will also make the municipal code available electronically to the public in a very timely manner.

Covington stated public works was unable to paint the exterior of City Hall due to staff and time constraints. Included in the 2008 budget is a request to allocate \$10,000 for maintenance of the City Hall building. The following projects were submitted for council consideration:

Replacement of gutter and fascia board on south side of building; \$1500

Paint exterior of City Hall, using public works staff; \$5,000

Reroof main City Hall building; \$15,000 - \$18,000

Develop storage facility for mandated archived documents; \$4500

Covington stated she would like to request council reallocation of the building maintenance line item to allow repair of the gutter system in this fiscal year, before water damage is done to the foundation or the police evidence room.

Covington stated the current storage facility for archived documents is located below the Library building. In the past, documents have been damaged beyond repair due to water leaks from piping running along the ceiling joists. This request has been made in prior budget years. She stated that Cowlitz Fire District #6 is still using the old pool changing room to store equipment. She asked if council would consider negotiating with Cowlitz Fire District #6 to allow development of that space into an area for archived records. Covington stated she has not been in that room and is not aware of specific improvement needs, however she believes that wiring for heat and lighting will be needed in that space.

Reilly asked about archiving needs. Covington stated that some of the documents are accepted by the Washington State Archives and these have been forwarded to them. Other documents needed include access to unaudited files, personnel information, and contracts. She explained that grants are sometimes available from Washington State Archives for updating equipment needs.

Covington noted that \$70,500 is being budgeted for medical and insurance coverage for mandated LEOFF I retirees. She stated that her office is currently doing a survey of all cities with populations of 5,000 and below to ascertain how they meet mandates for medical coverage. Covington added that long-term care, including nursing home expenses are also the city's responsibility. After this survey is completed, she will also be asking the council to determine how those issues are to be addressed.

7800 Allocations for expenses relating to contracts with the Humane Society, Cowlitz County Emergency Management, SWAPCA (air pollution control), and planning services have been provided to the city by those agencies. A portion of the planning costs will be offset by two Growth Management grants.

7827 Equipment and machinery requests include:
* Shelving for the archived documents - \$4500

Covington stated she would also work with Chief Heuer to obtain shelving from State surplus property. Chief Heuer spoke in favor of using the other old pool changing room as a facility for archived documents. He suggested that the city could offer the Fire District temporary use of the old garage building for their equipment storage.

* Updating the budget, payroll and business license software systems from a DOS based system, to a Windows based system. This will allow updates of software to be through regular maintenance, without requiring total rewrites. It will allow the city to also purchase a cash receipting software system and cash register to eliminate hand-written receipts and allow for automatic update of accounting documents - \$25,000

Covington stated certain element of this upgrade could be phased in, however software relating to the budget and payroll systems are inter-related and must be phased in at the same time. The utility billing software update, which is included as an expense in the utility budgets, can be phased in as a separate system and integrated at a later time.

Phone system replacement – list price: \$40,834

Covington stated that staff met with Qwest representatives to obtain an estimate for upgrading the city's existing phone system. Two estimates were provided; a direct purchase or a 60-month lease program. If the project is funded, the city will still need to advertise for bids, in accordance with State bid laws. Covington stated that she has researched equipment purchase grants. A \$10,000 grant is available from Rural Development for direct purchase, only. A 15-year loan is also available to fund the remaining equipment cost. No funds are available to assist with leased acquisitions. Covington noted that if the city chooses to purchase a phone system, a maintenance agreement would also be needed to cover any repairs required during the life of the equipment. Neves stated that if the equipment is leased, after five years the city has the option to either purchase, or enter into another lease agreement.

Yund – asked about the value of the existing phone system. Neves stated Qwest has not provided a value estimate for the existing system. Covington stated that the Fire District would like to retain the use and would be willing to relocate the existing phone system to their building.

Neves spoke in favor of leasing, because it allows the city to update the system, at minimal cost to the city. In addition, there may be a residual value to be applied to an updated system. Neves stated that leasing would eliminate the need for an additional maintenance agreement, because this service would be included in the lease agreement. He added that phone systems are now computerized and if any programming is needed, this would be updated as part of the lease.

In answer to a question from Mask, Sgt. Neves stated no mandatory deposit is requirement to enter into a lease.

Neves also stated that a new phone system may result in a savings on monthly

phone line costs, because a new system has the ability to 'bundle' lines. Yund stated he favors leasing of technology related equipment to allow flexibility when technology changes and updated equipment is required. Covington and Neves stated a new phone system will also allow all city departments to be connected. Currently both of the treatment plants, intake plant and library are excluded.

In answer to a question from Mask, Neves stated that Fire District #6 has indicated that they do not have the funds, nor are they interested in sharing with the purchase of a new phone system.

In answer to Mayor Larsen's question, Neves stated that initial discussion with the phone company indicated that the existing system retain little value. Covington added that since the Fire Department initially participated in sharing the cost for the existing system, it would make sense to surplus the equipment and give it to Fire District #6.

By consensus, councilmembers agreed that they preferred leasing a new system, over purchasing.

9122 (Fund #150), Accumulative Reserve Fund

Covington – estimated beginning fund balance will be \$17,640. Revenues for 2008 will include a \$2500 interfund transfer from General Fund. No expenditures are projected in 2008. Purpose of this fund is to be used as an emergency resource.

9200 (Fund #120), City Exhibit Hall Fund

Revenues originate from State allocations from Hotel-Motel taxes. The estimated 2008 revenue is \$11,000. Expenditures must support tourism efforts only. Currently the city funds the Exhibit Hall/Visitor Information Center Director's position, and tourism brochures.

9230 (Fund #160), CDBG Grant/Home Rehab Project Fund

Originated as a CDBG Grant to fund home safety upgrades for low to moderate income owner-occupied residences. Upgrades costs become a lien against the property and when ownership of the home changes, the lien is paid off by the homeowner and retained for use by other qualifying homeowners. In answer to a question by Mask, Covington explained that funds are available year-round, to those who qualify for the program.

9453 (Fund #195), Low Income Housing Fund

Revenue originates from the city's proportion of the County Document Recording fee, in the amount of \$3000 per year. Revenues are to be used for assisting low income residents with housing related needs or can be used for projects that would benefit low income residents. At this time, the city council has chosen to accumulate the fees until adequate revenues exist to provide for a project. At that time, a committee will need to be appointed by the mayor to designate eligibility

and direction of those funds. No expenditures are expected in 2008.

In answer to a question from Mask, both Covington and Smith explained that the city has not been able to qualify as low-income under various grant program criteria. Smith stated this is why upgrades for both the water and sewer treatment plants were funded mostly from loans.

9840 (Fund #300), Swimming Pool Construction Fund

Funds originated in 1987 from a voter-approved excess levy to fund a new swimming pool. That project was not completed due to a lack of additional funding. The use of these funds are restricted unless voters approve reallocation of their use. No expenditures are allocated for 2008 fiscal year.

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0033 (Fund #480), Ambulance Service Fund

As outlined in the interlocal agreement with Fire District #6, all proceeds from city ambulance service transports must be paid to the district, after the date of the voter-approved annexation. As a result of our 2007 State audit, approximately \$200,000 remains as active accounts or in accounts that have been turned over to the collection company. Payments to Fire District #6 are the result of that interlocal agreement. The revenues will continue to decline as the city ambulance accounts are paid off or are deemed uncollectible.

0109 (Fund #010, General Fund); Fire Department

Covington stated the only anticipated expense would be for internet expenses, however these should eventually be eliminated since ComCast included the provision of free Internet services for the Finance office, Police Department and Fire District #6 as outlined in their franchise agreement with the city.

0142 (Fund #621), Amy Thompson Library Trust Fund

Covington explained these funds were bequest to the city for use with capital improvements for library services. The Castle Rock Library Board recommends use of these funds. The trust fund cannot be used for operation or maintenance costs. No expenditures are anticipated in the 2008 fiscal budget.

0253 Mayor Larsen adjourned the budget workshop meeting at 9:30 p.m.

Mayor Barbara Larsen

Clerk-Treasurer