

**CITY OF KALAMA  
CITY COUNCIL WORKSHOP  
OCTOBER 15, 2008**

**2009 Budget - Revenue Needs**

Mayor Pete Poulsen opened the meeting at 6:05 pm. Councilmembers present were Adam Smee, Dominic Ciancibelli, Chuck Hutchinson, Don Purvis and Bud Gish. City staff present were Police Chief Bruce Hall and Clerk/Treasurer Coni McMaster. Members in the audience are listed on the sign in sheet.

This is an overview of the discussion on each of the following items:

**Fee Increases for 2009**

Proposed increases are for Animal Control Fees for non-commercial kennels, boarding & impound fees, Business License fees related to Private Investigators and Taxi licenses to include fees to cover the costs of background checks, adjusting the concealed weapon permit fees to meet state laws and increasing the water connection fees outside the city limits and for industrial connections. The discussion focused on the fees for the industrial users and reasons why these fees are so low compared to the residential fees both inside and out. In the rate study done several years ago, the amount of new infrastructure that could be attributed to the Port of Kalama was considered along with the value that industrial development brings to the community through jobs and other taxes in determining the lower rates. Due to the amount of facilities outside the City limits, serving only the customers living outside the City that are in need of maintenance and/or replacement, the City is proposing to raise the connection fees outside and not inside. It was noted that the budget should reflect the rates in an equal manner. Mayor Poulsen pointed out that the water rate increases are being proposed to outside customers only for 2009 to help bring equality to the rates. He added that Kalama's system included 175 miles of waterlines, 13 reservoirs and their associated infrastructure.

**Building Permit Fees**

The Building Department will be submitting a proposal for fee increases which have not seen an increase since January 2007.

**Property Taxes**

The City will need to raise the property taxes as allowed by law in order meet the obligations to provide services. The estimated property tax revenue will be \$350,000 for 2009. The resolutions which set the levy will reflect a slightly higher amount in order to avoid the adjustment the City has seen in the past due to low assessment information provided prior to the first of each year. For 2007, the City could have assessed an additional \$12,000 based on the actual new construction amounts received after the taxes were adopted in November. The County is required by law to hold the City to its legal limits, so if the amounts adopted by resolution are more than the law allows, the County will adjust it down to the limit. The City can never receive more than allowed by law.

**Water/Sewer Rate Increases**

Clerk/Treasurer Coni McMaster presented information on the proposals for increasing the current water and sewer rates. Currently projections for water revenues will cover the costs of operations and maintenance, provide for the payment of the debt obligations, and add a small

amount to the improvement reserves. However, there are system improvement projects needing done over the next 10 years that total over \$5,000,000. With an estimate of just over \$500,000 to have in reserve at the end of 2009, these projects will be hard to complete. Projections for sewer revenues do not cover the projected operating and maintenance expenditures nor the debt obligations. System improvements are on hold due to lack of funding available. The current reserve balance is projected to be over \$1,000,000 which can be used to cover the debt payments over the next several years.

The City is proposing to raise the **water rates** on the outside users by 6% due to the fact that 71% of the needed system improvements are on facilities outside the City. Outside users provide 47% of the current revenues. Industrial water rates would also increase for the large industrial water users. Rates inside the City would not increase in 2009. An additional increase to all users is proposed for 2010, but this would be approximately 2%. **Sewer rates** are proposed to be increased over a period of 3 years in order to lessen the impact on the citizens, using the current reserves to help cover the debt payments. For 2009 the increase would be 5%. In 2010 the proposed increase would 7% and in 2011 6%. Sample bills were provided based on an average use for a family. The cost to inside users would be approximately \$7.95 per two month bill and for outside users approximately \$5.06 per two month bill.

There was some discussion on the proposals. One new Kalama resident noted that she was shocked when she received her first water/sewer bill. She stated that it is only fair for those that live outside the City to pay for the privilege of having City services. Councilmember Chuck Hutchinson noted that it is the responsibility of the Council to build the reserves for the future to avoid further burdening the future taxpayers. Mayor Poulsen noted that he wished there were more options available.

It was announced that a Budget Workshop to discuss the full projected 2009 budget is scheduled for next Wednesday, October 22<sup>nd</sup> at 6 pm. The public hearing on the revenues will be held on November 5, 2008 at 7 pm.

## **ADJOURNMENT**

Mayor Poulsen adjourned the meeting at 6:59 p.m. These minutes are not verbatim. A copy of the tape can be made available for listening.

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**Pete Poulsen - Mayor**

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**Coni McMaster - Clerk/Treasurer**