

**CITY OF KALAMA
CITY COUNCIL MEETING
NOVEMBER 19, 2008**

1. OPENING

Mayor Pete Poulsen opened the City Council meeting at 7:00 p.m.

A. Flag Salute

Mayor Poulsen led those present in the Pledge of Allegiance.

B. Roll Call

Councilmembers present were Dominic Ciancibelli, Chuck Hutchinson, Don Purvis, and Bud Gish. Councilmember Adam Smee was absent. City staff present were Director of Public Works Carl McCrary, Clerk/Treasurer Coni McMaster, and Police Chief Bruce Hall. City Attorney Paul Brachvogel was also present. Members of the public present are listed on the sign-in sheet.

2. EXECUTIVE SESSION - None

3. CHANGES TO THE AGENDA

The Draft agenda included a Heritage Days report, but this has been moved to the next meeting in December.

4. PRESENTATIONS & AWARDS - None

5. PUBLIC HEARINGS

**A. 2009 Projected Revenues - City Fees - Property Tax Levy
- Water/Sewer Rate Increases**

**B. City of Kalama 2009 Budget & 2009-2014 Capital
Facilities Plan**

Mayor Poulsen opened the two public hearings to run simultaneously. Clerk/Treasurer Coni McMaster reviewed the proposed revenue increases including fee increases for certain business licenses, animal control fees, concealed weapon fees, water connection fees on outside and industrial connections, and an increase of the Community Building rental fee from \$400 to \$500 for the entire building. A power point presentation covering the proposed water/sewer rate increases was made. The proposal is to raise the outside and industrial water rates 6% in 2009 and then raise rates .50 cents for all water users in 2010.

The proposed sewer rate increase would be spread over the next 4 years with a 5% increase proposed for 2009. The 2009 increases would not be effective until the April and May billing cycles.

When asked why, with sewer rates 3 times as much as the water rates, the water revenues are so much higher, it was explained that there are twice as many water users, and some are large industrial water users that don't use sewer.

Kalama citizen Jim Dickey asked why the industrial connection fees are so much less than the fees paid for residential connections outside the City limits. It was explained that the industrial users and the Port provide funding for the infrastructure improvements in these areas directly. A rate study done several years ago was divided by category of user being inside residential, outside residential, and Port industrial. Due to the large volume of water used by the large industries they provide more revenue than the residential users, plus the Port often pays for the system improvements which only serve the industrial areas. All factors considered, the connection fees were set at the current lesser rates. The fees do cover the costs of connecting and labor and materials are charged for. The current proposal for rate increases does include a 6% increase to the large industrial users.

Ms. McMaster presented the nearly seven million dollar budget which is balanced without operating fund beginning balances, or capital projects. The staff has worked hard and made many cuts to bring the budget into balance. These cuts included the \$1500 cut to the Library book budget, which members of the Library Board and FOLK (Friends of the Library at Kalama) are here to address. Library Board Member Mary Putka read a letter from the board requesting that the \$1500 cut be restored to the budget as the Library is a community supported and much needed resource. They need to be able to continue to develop their collection to maintain the services to the Community. The Board has and will continue to work hard to find ways to aid in funding the Library. The letter stated that the FOLK donation included in the budget was not intended to cover operating expenditures. Ms. McMaster noted that the FOLK donation does not supplement the operating budget, but is included as the books FOLK has been donating have been being order through the City's accounts. Due to this fact, which was recently discovered, the City needs to be tracking the invoices and payments, so the donation funds were included as revenues and the same amount was added to the expenditures for books. This will allow the City to directly pay the invoice and present it to FOLK to be paid for as before only to the City.

Mayor Poulsen stated that the City has worked hard on balancing the budget. Only today he has implemented a hiring freeze and a spending freeze. All non-essential expenditures are to be put on hold. Raises have been cut including the proposed cost-of-living raise of 4% will be reduced to 2%. There have been cuts across the board, not only in the Library, and theirs was a small cut. It was asked if all other departments had made the same percentage of cuts as the Library. The percentage of cuts may not be equal by department, but all departments have

reduced the requested expenditures. The Police Department has cut some staffing and equipment requests

It was asked what is being frozen and where cuts have been made. Mayor Poulsen reviewed the cuts which include cuts to court costs, planning services, training throughout the Finance Department, equipment, publications, vehicle purchases, and the Community Services Officer in the Police Department. The City is working hard to maintain the status quo. There are also collective bargaining agreements being negotiated. Mayor Poulsen has stopped all capital improvement projects for the time being, even if they are shown as funded on the Capital Facilities Plan. We are working in "crisis mode" during the country's economic crisis. The Public Works will not be doing any work that is not absolutely necessary. Mid-year, we will re-evaluate to see where we are, and if possible some of the losses may be restored. The Library is a great community asset which benefits the City.

Chief Bruce Hall explained that the budget is complicated and divided into many funds. The Enterprise funds - Water/Sewer - are funds based on rates which can be raised to meet the needs just like a regular business does to meet inflation. The General Fund is funded from taxes which are limited by state laws, so they often don't cover inflation. One ticket written by his department can generate costs for the court, defense attorneys, jail, prosecution and others. Budgets have been trimmed to levels that any further cuts may not be possible without layoffs.

Library Board member Patricia Hamilton noted that all departments are doing outstanding jobs. The County's unemployment rate is currently the highest in the State. She commended the Library staff of Librarian Louise Thomas and Library Aide Molly Ciancibelli for their hard work in aiding those patrons of the Library and their team work. She stated that the community would not benefit if the Library was closed for a day.

Ms. Sue Richards, FOLK member read a letter from FOLK stating their goal is to help raise funds for the Library. As a non-profit organization they do not want to provide operating costs, but help to cover other expenses. Therefore, they will be establishing their own accounts for ordering the books so they can be invoiced directly and not go through the City. They urged the City not to cut the Library's allotment for books.

Mr. Ted Hallert asked if the discussed cuts were reductions to the proposals for 2009 or from 2008 amounts. They are from proposed amounts for 2009. He noted that the spreadsheet indicates a deficit for the Library. It was explained that the amount is being covered by the amount that is projected to be carried over from 2008.

Mr. Jim Dickey asked what exactly is the revenue from the increase in property taxes covering? This would be to cover the increases to operating costs. The City has to pay the same costs as the citizens so they are experiencing all the same hikes in prices. Kalama does not have a large industrial tax base, so it is funded by mainly residential taxes. Many years ago the Federal government paid for infrastructure improvements for cities, but that is not the case anymore. The proposed bond for the new office facilities has been put aside for now. Mayor Poulson stated that he likes to see people coming to these meetings and hearing what they want and are willing to support. He is proud to be Mayor and proud to work with the City's hardworking staff and the community.

There was a question regarding the proposed wage increases for the Police officers. The contract is currently being negotiated. The officers have been working under an old agreement and have not had a raise for the last two years. The City will need to make this up when they settle a new contract. Chief Hall noted that it is hard for the City to retain good officers when other jurisdictions can offer better pay, so the City has to work at being competitive. It costs the City a lot to train officers, and it is a loss when one leaves.

Mayor Poulson noted that all communities are being impacted by the economic issues. The City is working hard to make it work. Some of the cuts talked about tonight are not reflected in the documentation presented tonight, but will be made. Ms. Rosemary Whitenton, addressed the Council regarding the Humane Society and the cat issue. Since this was not a budget related issue, it was tabled. The Council will look at it in the near future.

When asked for a show of hands for all present that supported the Library, it was a unanimous showing. It was noted that the City wishes it had the kind of support the Library does. Ms. Molly Ciancibelli noted that the library is often described as a gem. She thanked all those that donate to the Library. She asked that the Council dig deep and replace the \$1500. Mr. Jim Dickey encouraged the room full of people to start coming to the meetings on a regular basis so they can learn about what the City does, just as he has. They should not only come to address special interests.

Mr. Mike Phillips of 188 S. Second St. noted that these are tough times being faced by all communities. The investment in the Library would be an investment in the Community and its kids. The Library keeps the kids off the streets and provides services for writing resumes, etc. There are big pay backs. It is an investment in the people. It was noted that many positive things have happened in recent years and many have been grant-funded.

The Capital Facilities Plan was explained by Director of

Public Works Carl McCrary. It lists all the projects the City needs or hopes to do to maintain and improve its facilities and operations. It does not include personnel nor items under \$2500.

The projects are prioritized and listed as funded or unfunded. The Plan itself is a tool that is used to aid the City in getting grant funding and more than just a wish list. This year most of the projects have been dropped to unfunded, and even those listed as funded are on hold for the immediate future. The City is continuously seeking outside funding for its projects including the completion of the Downtown Streetscape improvements. The Plan has been a good tracking tool for accomplishments as well.

The best example to the Community would be the work that has been done at the Community in the last few years. Mr. McCrary noted that one project that he feels is important in the coming year are the improvements to the road shoulders along China Garden Road. For the water system, the older Cloverdale area infrastructure is in need of improving as well.

Mayor Poulsen asked for any further comments on the budget and as there were none, he closed the public hearings. A short break was taken. The meeting resumed at 8:50 p.m.

6. PUBLIC COMMENTS/CONCERNS – None

7. UNFINISHED BUSINESS

- A. Appointment to the Kalama Parks and Recreation Advisory Committee**
- B. Appointment to the Kalama Planning Commission**

At the request of the Mayor these appointments were tabled to the December meeting.

8. NEW BUSINESS - None

9. ORDINANCES & RESOLUTIONS

- A. Resolution No 518 - A Resolution of the City of Kalama establishing the dollar amount of tax revenue for ad valorem taxes which will be necessary to meet the financial requirements of the 2009 budget of the City of Kalama.**

Resolution 518 was read by title. Councilmember Bud Gish made a motion the Council adopt Resolution No. 518 as read. Councilmember Chuck Hutchinson seconded. It was noted that the tax rate is being set \$1.75 and could not be more than that. The motion carried.

- B. Resolution No. 519 - A Resolution of the City of Kalama establishing the amount of the property tax increase to meet the requirements of the 2008 budget**

Resolution 519 was read by title. Councilmember Bud Gish made a motion the Council adopt Resolution No. 519 as read. Councilmember Dominic Ciancibelli seconded. This indicates a 9% increase which is based on banked capacity from previous years. The motion carried.

10. CORRESPONDENCE - None

11. MAYOR'S REPORT & COUNCILMEMBERS' REPORTS

- A. Mayor Pete Poulsen had no report.
- B. Councilmember Adam Smee was absent.
- C. Councilmember Dominic Ciancibelli had no report.
- D. Councilmember Chuck Hutchinson reported he had attend the recent Chamber after hours event and it went well. .
- E. Councilmember Donald Purvis had no report.
- F. Councilmember Bud Gish had no report.

12. DEPARTMENT REPORTS

- A. Director of Public Works Carl McCrary presented a written report. He noted that Horizon Park has been completed. During the recent rain storms, the City used the new pumps at the north end of town, and they performed well.
- B. Police Chief Bruce Hall had no report.
- C. Clerk/Treasurer Coni McMaster had no report.
- D. City Attorney Paul Brachvogel had no report.

13. CONSENT AGENDA -

Councilmember Chuck Hutchinson made a motion the City Council approve the Consent Agenda including the minutes of the November 5, 2008 City Council meeting. Councilmember Don Purvis seconded, and the motion carried.

14. EXECUTIVE SESSION

Mayor Poulsen announced the Council would be going into executive session for about 15 minutes to discuss items of litigation and real estate. There may be action taken when the Council returns. The meeting resumed at 9:20 p.m.

15. ADJOURNMENT

Mayor Poulsen adjourned the meeting at 9:21 p.m. These minutes are not verbatim. A copy of the tape can be made available for listening.

Pete Poulsen - Mayor

Coni McMaster - Clerk/Treasurer