

**CITY OF KALAMA  
CITY COUNCIL  
OCTOBER 14, 2009**

**2010 BUDGET WORKSHOP**

Mayor Pete Poulsen opened the workshop of the Kalama City Council at 6:00 pm. 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, Police Chief Bruce Hall, and Clerk/Treasurer Coni McMaster. Members in the audience are listed on the sign in sheet.

Mayor Poulsen stated there are two ways for the Council to proceed with addressing the needs of the water and sewer departments – raise rates or struggle to find cuts which will have to be to staff as that is the biggest expense of any city. The issue of raising sewer rates has been on-going since the City knew it would have to build the new sewer plant. The proposed raise is in-line with those discussions from several years ago. Clerk/Treasurer Coni McMaster provided information on the sewer debts the City has and how the reserves and current rates will cover the payments through 2011, but by the end of 2012, the reserves would be depleted and in the red without a rate increase to help cover the debt payments. If the City implements rate increases of \$5 to the base fee in each of the next three years the City will be able to cover the loan payments into the future.

Mayor Poulsen noted that with this economy he would like to not have to raise the rates at all. Several Councilmembers noted that a flat amount as the rate increase is easier to understand and adjust for, so they felt the increase to the base fee was the right way to propose the increase. Costs of operating the system keep increasing as well. The City is obligated by law to operate the plant and meet the treatment criteria of the state for sending the waste into the river. This requires the current staffing level at the plant. The City has to make the loan payments as well. The consensus of the Council is to plan on implementing the rate increase, which has to go before the public at a hearing. If at the hearing the feedback from the citizens is that they cannot understand or support the increase and are willing to face the cuts in services that would be the results of not implementing rate increases, the Council can reconsider the increase.

The projected amount for a water rate increase was also discussed. This is just over \$1 per month. Added with the sewer it was calculated out that the cost to the average resident would be \$1.46 per week. The Council requested that staff be prepared to address the needs for the rate increases, options for cost cutting if rates aren't increased and what services will be lost at the public hearing scheduled for November 4<sup>th</sup>.

The Council reviewed the current fee schedule. The only recommendations for increases at this time are to the 7-day and solicitor business licenses, the SEPA application fee, the industrial water connection fees, and adding a charge for notary services. The Council was not in favor of adding a charge for notary services. There

was some discussion regarding the port or industrial connection fees and the need to make them more equitable with the residential rates. Reasons for having kept the rates low have been that most of the infrastructure was put in place by the Port of Kalama at theirs or the industries costs, their having stated they would help with maintenance of the lines in the area, and to encourage industry to come to the area. After some review, the consensus was that the rates should be at least what a regular residential customer would have to pay. Director of Public Works Carl McCrary noted the schedule needed to have the fire access fees added which are in KMC 12.12.025. This fee has not been increased in a very long time so it should be raised from \$25 to \$50 as well. Mr. McCrary also requested that the water/sewer codes be updated so that industries or outside agencies that do projects that require plan reviews by the city engineers, are required to cover the costs of those reviews. Councilmember Chuck Hutchinson made some suggestions for increasing a number of fees that haven't been raised in a number of years and the Council agreed.

The City will be able to increase the property tax levy by the 1% as limited by state law. For the most part due to the drop in assessed valuations, the average citizen should not see an increase to their bill. The issue of Initiative 1033 was discussed in that the budget outlook could change drastically if this passes in November. It would not directly affect the water and sewer revenues, but it will have a great impact on the operations funded by the General Fund.

Ms. McMaster provided the Council with an overview of the 2010 budget projections which show that several of the operating funds are not yet in balance. Mayor Poulsen will be working with the Department Heads to bring this into balance. The department requests for the September 30<sup>th</sup> workshop were reviewed briefly. The Council discussed the possibility of needing another workshop to discuss the options.

Mayor Poulsen adjourned the meeting at 7:50 pm. 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**