

**CITY OF KALAMA
CITY COUNCIL
NOVEMBER 17, 2010**

2011 BUDGET WORKSHOP

Mayor Pete Poulsen opened the workshop of the Kalama City Council at 6:10 pm. Councilmembers present were Adam Smee, Dominic Ciancibelli, Chuck Hutchinson, Don Purvis, and Bud Gish. 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.

Clerk/Treasurer Coni McMaster reviewed the budget information for the Council. The projected 2011 budget is at \$4.7 million and is in balance. To bring the General Fund into balance there were adjustments to the revenues based on the election results and additional adjustments to expenditures based on updated information. The final adjustment was to hold off making the final payment on the interfund loan until 2012 rather than in 2011. The budget is at a bare minimum and the only places to look at cuts would be in personnel which would be issues that will take negotiations with the labor organizations. With the end of the year fast approaching, there is not time to have these negotiations and finalize any agreements to insure that the budget could be balanced. The loan is not due until 2012, so this gives the City some time. Early in 2011, if improvements aren't seen, then these negotiations can begin. Mayor Poulsen pointed out that this is a very tight budget. Kalama is being hit by the economy just like all organizations and other cities. The Capital Facilities Plan was also presented as well. All projects listed as funded are included in the current proposed budget except for the Community Building door replacement which is being funded by donations and the items for the Police Department. These are items that were budgeted for 2010 but have not been purchased. It is not clear whether there are funds remaining to cover them in 2010 or if they could be funded in 2011.

Ms. McMaster reviewed the increases to fees the City is implementing which are very minimal. She added that at this point the City has not considered raising the water/sewer rates. She pointed out that the current reserves will be used to cover portions of the loan payments as current levels of revenues do not fully cover the operations and the loan payments. While water reserves will only be effected slightly in 2011, the sewer reserves will be depleted in such a way that if rates aren't increased, the reserves could be completely depleted by the end of 2012. This would leave the City struggling to make the loan payments. This also leaves no reserves for emergencies which concerns Director of Public Works Carl McCrary greatly. There was much discussion on the issue of increasing rates and the effects on the citizens. Citizen Jim Dickey suggested that the Council and City look at ways to stimulate the revenues in the City such as getting closed businesses back into operations. Mayor Poulsen pointed out that he has been working on some to this, and it is not as simple as the public would think. The Council requested information on what the original sewer rate increase recommendations from Gray and Osborne were. Ms. McMaster didn't know, but noted that the City had never implemented

rate increases as per the recommendations. She would pull the information. She explained that during last year's rate increase preparations, increases for 2011 were included. For water it was a 2% increase that would increase the bimonthly water bills 95 cents. For sewer it was a \$5 per bimonthly bill increase. Director of Public Works Carl McCrary noted that there are improvements to the aging systems that are needed, and in some instances having to repair them is more costly. Citizen Jim Dickey noted that the rates shouldn't be increased during bad times to build reserves, and the City should try to hold on for now.

Mayor Poulsen adjourned the meeting at 7:05 pm. These minutes are not verbatim. A copy of the tape can be made available for listening.

Pete Poulsen - Mayor

Coni McMaster - Clerk/Treasurer