CITY OF ELLENSBURG

Minutes of Council Meeting, Special Session

Date of Meeting: June 30, 2008
Time of Meeting: 7:00 p.m.
Place of Meeting: Council Chambers, 501 North Anderson Street

Councilmembers Present: Bassett, Miller, Niner, and Mayor Lillquist

Councilmember Absent: Bottcher-excused; Tabb; O’Brien

Others present were City Manager Barkley; Public Works Director Akers; Energy Services Director Titus; Community Development Director Smith; Finance Director Ariwoola; Accounting Manager Snider; Parks & Recreation Director Case; Library Director DeSoer; Police Chief Miller; Captain Hansberry; Sergeant Coppin; Office Manager Shuart; and Deputy Clerk Keno.

AWARD BID CALLS 2008-17 (GRASS SEED AND FERTILIZER SUPPLIES) AND 2008-18 (IRRIGATION SUPPLIES)

The Parks & Recreation Department solicited bids for the purchase of grass seed and fertilizer, and irrigation supplies for the construction of a baseball field and landscaping improvements at Rotary Park. The City of Ellensburg entered into an agreement with the Rotary Club’s of Ellensburg for these improvements. Funding for the project will come from a $150,000.00 grant from the Recreation and Conservation Office, the Kittitas County Board of Commissioners, City, Fairpoint Communications and private donations. The City received one bid each for grass seed and fertilizer and irrigation supplies. Bid Call 2008-19 (Back Stop & Chain Link Fence Project) will be awarded at a later time. Council asked questions of staff.

Award Bid Call #2008-17 for grass seed and fertilizer to Mid State Co-op in the Miller amount of $15,833.68 and award Bid Call #2008-18 for irrigation supplies to Irrigation

Sales in the amount of $33,936.49. Affirmed

BUDGET AND FINANCIAL RETREAT

The purpose of the special meeting is to provide Council an opportunity to review issues and items relative to the City’s annual budget. In addition to the agenda packet Council was provided with a publication entitled “An Elected Official’s Guide to Government Finance” and the City’s 2007 Unaudited Financial Statement.

Councilmember Tabb arrived at 1:10 p.m.

An Elected Official’s Guide to Government Finance

Councilmember O’Brien arrived at 1:40 p.m.

2007 Unaudited Financial Statement

Council and staff reviewed the City’s 2007 unaudited Financial Statement.

Council would like to see a breakdown of the various kinds of grants—showing which ones are ongoing and which ones are not.

Land Sale & Bond Payment

Director Ariwoola reviewed the background for the City’s sale of bonds to purchase the 363 acres now known as the West Ellensburg property (formerly known as the Williams property) in 2001 for $2,065,000. The IRS requirements and redemption options, including mandatory redemption in 2021 and optional redemption on or after December 1, 2011 were discussed. The principal outstanding on the bonds is $1,595,000.

Any sale or lease of a portion of the property for non-government use must reduce the mandatory redemption bond and redeem the bond within six months. If the City were to redeem all of the $625,000 it would reduce the City’s option and the City may not be able to use any of the remaining land for nongovernmental use. Council asked questions of staff.

Staff recommends:

• Council sell as much of the 30% of the undesignated land to support Council’s objective

• Redeem the mandatory bond proportionately to preserve Council’s option

• Redeem as much of the optional bond to lower the City’s debt ratio and interest cost

• Use the Ellensburg Business Development Authority (EBDA) to seek out developers that will work with the City to minimize cash requirements and fulfill the economic goals of the Council

• Observe the 5% IRS requirement

• Council’s Objectives

• Minimum cash requirements
2009 Budget Goal: Capital Improvement Plan

City Manager Barkley discussed the need for a Capital Improvement Plan which will be a goal of the 2009 budget. The City has no comprehensive long-term documented plan or study except for state required plans. Capital improvement issues are dealt with as they arise with no coordinated planning effort on projects.

Available options include continuing “as is” or developing a vision for the community similar to CWU or the School District, i.e., growing the City the way we want it to be and not what it becomes by accident.

Staff recommends the City establish a Capital Improvement Committee and task that Committee with identifying the City’s needs over the next 10-15 years. Council and staff discussed the benefits of a tracking sheet for capital improvements.

Council discussed the general issues of defaults on municipal bonds, increasing energy and asphalt costs, as well as wellness and health care costs.

RECESS Council took a 15-minute break at 3:20 p.m.

RECONVENE Council reconvened at 3:36 p.m. with Councilmembers Bassett, Miller, Niner, Tabb and Mayor Lillquist in attendance.

Property Tax Levy

Director Ariwoola reviewed the types of property tax limitations including regular and special tax levies. He outlined Non-Taxable properties and regular property tax levy calculation and rate calculation. The County assesses City properties every four years. The next three years will see very small increases in property tax revenue.

Legal Limits of Indebtedness

Director Ariwoola discussed the City’s indebtedness. He reviewed the types of limits of indebtedness set forth in State statute as well as the composition of the City’s outstanding total debt. Council reviewed the City’s statutory legal debt limit as well as its current debt capacity. The City’s total outstanding debt as of June 30, 2008 is $29,860,006.

In summary, the City has good debt capacity. Council should approve additional debt only when it has identified an additional source of revenue to service the debt. Any additional debt should be taken with caution.

Councilmember Miller left the meeting at 4:00 p.m.

Fund Balance
Director Ariwoola presented an overview of “Fund Balance”—the net difference between the assets and liabilities reported in governmental funds. The two categories of fund balances-- reserved and unreserved--were discussed as well as the differences between each. A goal of the City in 2009 will be to implement a budget that reflects only the “unassigned” fund balance because that is the only portion of the fund balance that is available for appropriation.

**Budget Process Schedule**

Council reviewed a proposed Budget Process Schedule for the 2009 Annual Budget.

Establish proposed Budget Process Schedule as shown on the last page of the book Bassett for the 2009 budget process. Affirmed

**ADJOURN** Motion to adjourn at 4:25 p.m. Tabb

Affirmed

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Mayor

ATTEST: ___________________________

City Clerk