CITY OF ELLENSBURG

Date of Meeting
October 17, 2008

Time of Meeting
8:30 a.m.

Place of Meeting
Council Chambers, 501 North Anderson Street

Councilmembers Present: Bassett, Bottcher, Elliott, Tabb and Mayor Lillquist

Councilmembers Absent: O’Brien, Miller

Others present were City Manager Barkley, Public Works Director Akers; Energy Services Director Titus; Parks & Recreation Director Case; Community Development Director Smith; Finance Director Ariwoola; Police Chief Miller; Library Director DeSoer; Assistant Public Works Director Bollinger; Financial Analyst Stingley; and Deputy Clerk Keno.

BUDGET RETREAT – DISCUSSION REGARDING PRELIMINARY 2009 BUDGET

City Manager Barkley presented a general overview of the preliminary budget. The City faces a difficult financial climate as it looks toward 2009-2010. The auto sales and construction economy is down. The City needs to be prepared to deal with a significant decline in sales tax revenue should it occur. Retreat discussions will include the viability of a major maintenance and completion bond for infrastructure projects to preserve the City’s cash. Some streamlining of services may be needed to keep cash on hand.

Finance Director Ariwoola distributed a handout detailing the budget session’s agenda and topics for discussion. The City’s preliminary budget as well as the financial report is on the City’s website.

Councilmember O’Brien arrived at 9:02 a.m.

Director Ariwoola reported the City’s finances are much better than other cities due to decisions previously made. Council can do some things now to make sure the 2010 and 2011 budgets will be okay. The preliminary budget before Council is the City’s best estimate based on figures available and a conservative revenue estimate. Some numbers are not yet known, such as the cost of medical benefits and actual property tax. Some union contracts are just being finalized as well so corrections to the budget will be needed. City operations in 2009 increase $25.7 million dollars (including fund balance) and total expenses and expenditures increase $23.6 million dollars. Fund balance increases to $22.6 million dollars and total revenues increase to $23.6 million dollars.

The General Fund budget increases approximately $390,000 over 2008 due to increases in salary (4.19%), benefits (17.15%) and services (8.23%). Increases are attributable to the City Manager’s office ($150,000 - 21.02%), Community Development ($130,000 - 17.34%), and Parks & Recreation ($120,000 - 7.62%). The increasing cost of outside legal services is charged through the City Manager’s office and is anticipated to continue to increase. Additionally, Bob Witkowski’s position
was moved under the umbrella of the City Manager’s office because the assigned projects are much broader than just community development.

The General Fund receives major support from property and utility taxes, charges for services and transfer from the Sales Tax Fund. On the expenditure side, salaries and benefits are the greatest increases.

Councilmember Miller arrived at 9:35 a.m.

Proposed revenues increase in 2009 due to tax increases from property tax, the criminal justice 3/10 sales tax, expected grant receipt for the Dolarway project, and increased transfer from the Sales Tax Fund to the General Fund and Debt Funds. Corrections and additions to the preliminary budget were reviewed as well as budget challenges due to the current economy. Council will be discussing Racquet Center operations in light of the expiration in 2009 of the City’s 10 year agreement to operate the Center as well as the possibility of going out for a maintenance and completion bond for infrastructure projects to help preserve the City’s cash. Director Ariwoola reviewed the City’s current debt capacity.

Council took a break at 10:10 a.m. and reconvened at 10:24 a.m.

DEPARTMENT PRESENTATIONS

Police Department

Chief Miller presented an overview of his Department’s 2009 budget. His department is the only operation that is 24-7, 365 days a year. The 2009 budget is a 1.85% increase over 2008 and amounts to a $68,000 increase. Contractual increases are attributed to jail costs ($28,000), KITTCOM ($16,000), and the KITTCOM computer system ($9,000.) Fuel costs increase $14,000. The 2008 budget went up $257.00 in discretionary purchases. Some inflationary costs can be absorbed through the new budget stream created by the 3/10 of 1% criminal justice tax. In answer to Council inquiry, the Department will try to fill the second canine slot in 2009. In 2009 the Department hopes to staff a second anti-crime position. Computer software for the Animal Shelter ($5,000) is included in this budget. The budget also includes the sales tax transfer of $30,000 into the Fire Vehicle/Police Reserve Fund for future replacement of police vehicles and equipment.

In addition to the Public Safety Building Roof project ($65,264) contemplated in the proposed 2008 Maintenance Bond, Chief Miller noted his Department could benefit as well if the Library/Hal Holmes parking lot could be included in the bond to provide additional parking.

A future capital project identified by the Department is a shooting range. A long range solution is needed to replace the recently demolished facility. The Kittitas County Law & Justice Council has $20,000 set aside for a range. The Department is also out of space for in-service training. If a decision is made to close the Racquet Center, the possibility of converting the building to an indoor
shooting range should be considered. Consensus was this type of facility would involve a partnership with other entities.

**Public Works**

The 2009 budget is status quo from 2007 and 2008. Public Works is in the business of doing more with less but is running out of gas. It is becoming more difficult to provide the level of service expected by the public. Salaries, benefits and interdepartmental transfers for services comprise the major portion of the budget.

The Street Division’s 2009 capital project is $30,000 to finish the last piece of the reconstruction of 15th Avenue by Mt. Stuart School. The Arterial Street Fund capital project list includes: 1) $3,000 for bridge inspection; 2) $30,000 for alley reconstruction; 3) $20,000 for annual methacrylate (for road maintenance); 4) $272,000 for the underpass/trail to Irene Rinehart Riverfront Park from West Ellensburg Park; 5) $300,000 for signal upgrades at 5th & Main and University Way & Chestnut; and 6) $2.6 million for half (design and construction) of the total Dolarway project with the second phase of the project budgeted for another $2.6 million on 2010.

Water Fund capital projects include: 1) $12,000 for installation of new fire hydrants; 2) $6,800 for hydrant adapters; 3) $150,000 for meter installations in conjunction with the conversion to automated meter reading; and 4) $47,000 for the purchase of a portable vac trailer. Construction of a second water fill station to serve contractors working in the south portion of town and lessening the need to issue fire hydrant permits ($30,000); and a pump and motor rebuild at Whitney Well ($22,000) are also budgeted from the Water Fund. Projects from the Water Construction Fund include: 1) $140,000 for Capitol/Pfenning Water Main; 2) $780,000 for Route 10 Replacement Well #2 drilling (carryover of project already awarded by Council); 3) $800,000 for Route 10 Replacement Well #3 drilling; 4) $160,000 for Route 10 Replacement Well #1 and #2 Wellhouse Design; and 5) $1.6 million for Route 10 Replacement Well #1 and #2 Construction. The replacement of Well #3 may not occur in 2009 although there is a timeline from the Department of Ecology on when it has to be done. Staff has applied to the DOE for a time extension. The City cannot afford to lose this water right.

Sewer Fund capital projects include: 1) $120,000 for cured-in-place rehabilitation of sewer lines; 2) $18,000 for digester cleaning; 3) $75,000 for repaving of two existing drying beds; and 4) $50,000 for installation of new sewer lines, manholes and stubs. Sewer Construction Fund projects include an engineering study for a boiler/heat exchange/gas compressor & piping design for the wastewater treatment plant at a cost of $50,000 as well as sewer main construction on Capitol/Locust to Pfenning/Radio Roads ($179,923). In 2009 the Shop Fund has budgeted for the purchase of a new bucket truck ($146,500); passenger van ($70,000); asphalt roller ($75,000); WWTP loader ($60,000); painting shop ($50,000); and two electric trucks ($25,000 each). The electric trucks will be used by the meter readers.

**Energy Services**
Director Titus distributed a handout of his presentation and reviewed its highlights. The I-Net Fund is now seven years old. The difference in Capital Outlay between 2008 and 2009 is the cost of new equipment ($124,000.) Capital Projects for the Gas Fund in 2009 include: 1) $5,000 for a gas meter prover; and 2) $6,500 for a pipe trailer. These expenditures are not reflected in the Department’s preliminary budget. Also not in the budget is the Department’s proposal to fund a half-time safety officer to oversee safety operations on City projects and coordinate training among Divisions. A total of $20,000 ($10,000 each from the Gas and Light Divisions) would be contributed by the Department. Otherwise the Gas Fund budget is status quo except for gas costs.

Capital Projects from the Light and Light Construction Funds in 2009 and not included in the Department’s budget are: 1) $30,000 for replacement of the 13-year old SCADA system; 2) $18,000 for a meter in service analyzer; and 3) $7,200 for a SF6 moisture analyzer. Due to delivery delays the 2008 budgeted cable puller ($110,000) will be purchased in 2009. The Light Division budget shows a loss of $650,000 for 2009; however, the combined reserves of the Gas, Light, and Light Construction Funds is more than $6 million dollars. The City will be receiving a $900,000 settlement from BPA as the result of a lawsuit which will offset the operating deficit in the Light Division.

Capital projects in the IT Fund include: 1) $25,000 for security cameras; 2) $25,600 for an exchange e-mail server; and 3) $3,500 for an e-mail archiving solution. These projects were budgeted in 2008 and will be accomplished in 2009. The project list does not include the GIS wireless network and revision of the City’s website. These projects were budgeted for 2008 and have been started; however, staff is not optimistic they will be done by the end of the year. The CATV Fund budget does not reflect the decisions made by Council at the September 27, 2008 meeting and staff is working with Charter to get the proposed recommendations in place. Once implemented those recommendations should offset the Capital Outlay proposed for 2009. The Lodging Tax Fund is a continuance of existing revenues and expenditures from 2008.

The Electric Utility Rural Economic Development Revolving Fund (EURERF) is funded with $50,000 from the City’s electric fund and administered by EBDA to promote job creation and economic development. Director Titus pointed out the Light Fund can support more than the $50,000 contribution if Council chooses to do so. Estimated 2009 electric, gas and propane costs among the local utilities were reviewed.

Council recessed for lunch at 12:10 p.m.

Council reconvened at 12:50 p.m.

**Community Development**

Community Development Director Smith reported permits and licenses from CWU are up from 2007. He is cautiously optimistic about regional retail and large commercial projects. Charges for Services have slowed down substantially. The cost of employee benefits has increased. The number of full
time employees will remain the same. If and when a revised critical areas ordinance is adopted, an environmental planner position may be needed to help implement it. The Salary line item does not reflect Director Smith’s plan for re-organization of the Department.

Under the re-organization, the vacant Building Inspector position would be replaced by an Assistant Building Official position with some supervisory responsibilities over other Department employees. The vacant Senior Planner position would assume some supervisory responsibilities as well. Salary ranges for both positions may increase due to the addition of supervisory duties. Other Services is significantly higher in 2009 ($105,187 increase) due to an anticipated increase in land use attorney fees. This line item also includes the costs for plan reviews of big projects. A goal in 2009 will be to try and get away from outside plan reviews. A land needs analysis by a consultant for expansion of the UGA is also anticipated. The City may be able to obtain a $20,000 computerized permit tracking system with a $30-45,000 match grant.

**Parks & Recreation**

Director Case reviewed 2009 expenditures by program. Expenditures at the Adult Activity Center increase by 7% and the Swimming Pool expense increases by 12%. Memorial Pool is 30 years old and receives a tremendous amount of use. Council requested seasonal statistics for the pool. A capital request for the pool is $25,000 to hire a consultant to review the facilities’ structural and mechanical systems. The Park Maintenance program is the largest budget expense with four full time employees (FTEs) and numerous seasonal workers. It is also the most stressed program. The addition of landscaping and a second baseball field at Rotary Park has added to the park maintenance work load. On the revenue side it may be time to look at fees for programs at the Youth Center. The proposed Maintenance Bond would include consulting fees ($25,000) and a new HVAC system for the pool ($30,000), Alder Park completion ($375,000), and Softball lighting projects ($175,000.) Future projects include a gator maintenance vehicle, maintenance facility at Rotary Park, new park signage, a bus stop shelter outside the Adult Activity Center and a combination Recreation Center or Facilities swap.

At 1:35 p.m. Council announced the opportunity for public comment. No members of the public were present and no comments were made.

**Library/Hal Holmes Center**

Director DeSoer reported an 8.91% increase in expenditures which is outside the Department’s control. The Department is now paying for janitorial services which were previously paid by the Public Works Department. In the 2009 budget, Facilities costs are moved out of professional services costs. In 2009 the library materials budget continues to reflect the 8% cut ($67,000) implemented in the 2006 budget. The library continues to have more information formats that continue to increase in maintenance while the library has less money to spend. In order to remain viable the library needs to have new materials. Capital Projects anticipated in the proposed Maintenance and Completion Bond
are: $22,000 for the Hal Holmes roof and $5,000 for the Library roof. In 2009, $4,550 (25% grant match) is budgeted for new library computers. The City’s total cost over the two year computer replacement will be $12,350. The grant funds are coming from the Gates Foundation. A future capital project is the Library Parking lot budgeted at $310,000.

Hal Holmes revenues are less than in the past. Council requested statistics on Holmes Center usage. Director DeSoer discussed the shift in focus on usage for the Hal Holmes Center. The actual interest earned on the Library Trust Fund in 2007 is $8,800.

Other Issues

Council viewed a powerpoint presentation on the Ellensburg Racquet and Recreation Center. In 2009 the City will have fulfilled its ten year commitment to operate the Center and at that time may use the facility for any type of public purpose or sell the property on the open market. Director Case reviewed the Center’s history, capital improvements to the building, programs, amenities, attendance statistics, revenue and expenditures. Council would like to know the value of the building and receive an income and expense report for the Center to help with a comparison analysis of all the City’s park and recreation facilities.

A long term maintenance and completion bond is proposed for 2008 which would help preserve the City’s cash. Staff is proposing a reasonable size bond to complete projects not finished as well as parking lot south of the Hal Holmes Center. Council reviewed the proposed project list in the handout which totals $3,176,028. One of the projects on the list, “City’s contribution for the Dolarway Project - $2.4 million” would provide the cash match for part of the funding for this project. Staff has not yet done the work to determine the size of bond the City can comfortably support. Council would like information on the size of the buildings located on the land proposed for the parking lot. Animal shelter facility repairs were briefly discussed.

Councilmember O’Brien left the budget retreat at 3:05 p.m.

Staff will provide a list for Council review detailing the costs, size of bond, issues and how the debt would affect the City.

Employee insurance benefits continue to be a huge cost to the City. Staff is researching the variety of options available through several companies. Staff is also looking at life insurance options for better value. Health insurance remains the main focus, however, and staff is obtaining quotes from Blue Cross Premera, Association of Washington Cities (AWC), Public Employee’s Benefit Trust (PEBB), and Teamsters. A switch to another carrier will be challenging and could be a two to three year process due to the number of union contacts. The budget is based on a anticipated 20% increase by Blue Cross; the City should have a quote by the end of next week.

In March of 2009 all City obligations attached to the business incubator will end and the City will own the facility free and clear. The City will have several options available, i.e. continue the relationship
with the EBDA or sell the facility. Council would like to see the Development Authority’s options on the incubator as well as the EBDA’s new bylaws. The City budgets $2,000 a year for the incubator through the Community Development Department budget. Council would like an appraisal of the incubator building.

Public transportation was briefly discussed. Community ridership has increased and student ridership is up as well. To date the City has supported the establishment of bus stops and provides funding to HopeSource to help match a grant obtained by the entity. The grant money runs out in June, 2009 and HopeSource is looking at a $50,000 operational shortfall. HopeSource will be looking for backfill money and is applying for grants. The transportation program will ask for financial support from the City at the November 3 meeting. Council would like to see ridership statistics as well as the budget HopeSource is proposing. Also, on November 3rd Council can expect to hear from the FISH Food Bank requesting funding for a new building and the Friends of Washoe will ask for help with a statue. These requests are in addition to the requests Council already receives on an annual basis. There is no money to fund these additional projects unless a source of revenue can be found to support them.

Mayor Lillquist advised the October 27, 2008 special meeting with the Ellensburg School District will not take place as the District feels it is premature to meet. Council consensus was to change the meeting’s purpose to an exploration of new revenue sources and include moveable items from the October 20 and November 3 regular business meetings.

In answer to Council inquiry, there is some measure of support in the budget for community programs previously funded.

Councilmember Bottcher announced a public participation meeting for the Outdoor Lighting Committee has been scheduled for Thursday, October 30, 2008 at 7:00 p.m. at the Hal Holmes Center.

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

Affirmed

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Mayor

ATTEST: ____________________________
City Clerk