CITY OF ELLENSBURG
Minutes of Council Meeting, Special Session
Date of Meeting June 28, 2010
Time of Meeting 1:00 p.m.
Place of Meeting Council Chambers, 501 North Anderson Street

Roll Call.


Absent/Excused: O’Brien.

Others present were City Manager Barkley, City Attorney Pidduck, Finance Director Ariwoola, Energy Services Director Titus, Public Works Director Akers, Community Development Director Smith, Library Director DeSoer, Deputy Clerk Keno and one member of the audience.

CONSIDER SECOND READING AND ADOPTION OF ORDINANCE NO. 4567 – 2010 SUPPLEMENTAL BUDGET


Council asked questions about the Tourism-Event Seed Money line item as well as Emergency Management Services (EMS).

Councilmember O’Brien arrived at 1:12 p.m.

Motion to amend Section 2 of Ordinance No. 4567 under Lodging Tax to Lillquist reflect Tourism-Event Seed Money of $25,000 instead of $100,000.

Vote on amendment. Bassett(abstain)

Bottcher(yes)

Elliott(no)

Lillquist(yes)

Miller(yes)

O’Brien(abstain)
Motion approved.

Motion for second reading and adoption of Ordinance No. 4567 as Miller amended.


Bassett(YES)
Bottcher(YES)
Elliott(YES)
Lillquist(YES)
Miller(YES)
O’Brien(YES)
Tabb(YES)

Motion approved.

DISCUSSION REGARDING FORMATION OF THE PROPOSED 2011-2012 BUDGET

The purpose of the special meeting is to brief the Council regarding major issues affecting the formation of the 2011-2012 proposed budget, and for the Council to begin identifying priorities they would like to see reflected in the proposed budget.

Council viewed a slide presentation from the state economist’s office on the current statewide economy and recovery efforts. Throughout the state there is weakness in jobs, retail sales, and fears of European contagion. Consumer spending is starting to resume but will take time to recover. Unemployment rates as well as Standard and Poor’s volatility index were reviewed. The recovery in Washington State may be better due to asian exports. New construction is no longer in free fall but recovery will be weak. Although it has not been the case in Ellensburg, state and national automobile sales are starting to improve. Construction will continue to weigh down retail sales tax receipts. CWU is predicting a large fall enrollment.
Energy Services Director Titus outlined significant changes occurring in the utility industry. City utility taxes are down 8% to date this year. He reviewed the direct/indirect support to the General Fund from utilities. Utility support is 52.6% to the General Fund, 87.8% to the Finance Department and 53.8% to the City Manager’s budget. Utilities make up 42.1% of the City’s $10,578,005 total budget. In October 2011 the City will see tiered rates from Bonneville Power Administration (BPA). Rates will go up substantially in the winter and will be lower in the summer. Director Titus reviewed potential impacts to the 2011/2012 General Fund budget related to the electric and gas utilities. Sixty percent (60%) of BPA costs are collected from a monthly customer charge. Projections suggest a 12-20% rate increase.

Gas retail rates would decrease 6-9% which would result in a $35,000-$50,000 decrease in utility taxes. The City would probably not be able to absorb another retail rate increase to the taxpayers as in the past.

A proposed CWU co-generation facility can reduce gas consumption by more than 75%. Twin City Foods consumption is reduced by more than 50% due to the economy. The impacts to utility taxes could be more than a $100,000 reduction for the year. The City’s current gas contract expires March 31, 2011.

In answer to Council inquiry, it will be at least three years before a co-generation plant could become a reality.

Council took a five-minute break at 3:00 p.m.

Council reconvened at 3:10 p.m.

A handout detailing the 2011/2012 Budget Presentation was distributed. Finance Director Ariwoola reviewed construction and retail receipts as well as total receipts and transfers for the years 2008-2010. He outlined the steps the City has taken to date to manage the budget and detailed the challenges facing the City for the 2011/2012 biennial budget. This challenges include: 1) lower sales tax revenue; 2) lower utility tax revenue; 3) flat property tax; 4) higher operating costs; 5) already lean staff; 6) health insurance; 7) sales tax coverage of General Obligation Debt; and 8) maintaining the City’s current credit rating. Measures to address these challenges were discussed. In the biennial budget the City will be facing declining revenues and rising expenses.

One councilmember stressed the importance of employee retention and cross-training, if at all possible, in the event any positions become open. Council felt decisions on program service levels should be made based on on-going costs. Council briefly discussed business hours and the vehicle replacement and employee suggestion programs. Any budget suggestions would be reviewed internally by staff before going to Council. Staff will be looking at rates and fees generally across the board. Council requested an annual report detailing how impact fees have been spent.

**ADJOURN** Motion to adjourn at 4:05 p.m. Miller
Approved

_______________________________
Mayor

ATTEST: _______________________________

City Clerk