

MINUTES OF THE CITY COUNCIL
OF THE CITY OF PULLMAN
OCTOBER 9, 2012

Roll Call

A regular meeting of the City Council of the City of Pullman was held on October 9, 2012, at 7:30 p.m. in Council Chambers, City Hall, Pullman, Washington with the following present:

Glenn A. Johnson	Mayor
Bill Mulholland	Finance Director
Jeff Hawbaker	Councilmember
Fritz Hughes	Councilmember
Bill Paul	Councilmember
Derrick Skaug	Councilmember
Nathan Weller	Councilmember
Pat Wright	Councilmember

Call to Order

Mayor Johnson called the regular meeting to order at 7:30 p.m. Councilmember Wright moved, Councilmember Weller seconded to excuse Councilmember Benjamin from the meeting. The motion carried unanimously.

Announcements

There were seven announcements. One of the announcements was for Alternatives to Violence of the Palouse (ATVP). Emily, ATVP, talked about what ATVP does. Mayor Johnson also announced that Sunday the Crop Walk had their 29th annual walk. Councilmember Weller was co-chair and he said they had 60 to 70 people participating. The online donations for the program were higher than what they were in Seattle.

Report

2013 Property Taxes

Mayor Johnson announced that a report is scheduled on 2013 property taxes. Finance Director Mulholland noted that added to the tax rolls in 2012 new construction amounted to \$25,621,990 whereas for 2011 it was \$6,363,746. He noted that, although the property rate will be set on November 13, 2012, he was suggesting that they go ahead and consider raising the levy by 1 percent which would amount to \$39,148.81 for 2013. New construction in the General Fund amounted to \$75,161.75. The totals that would hit the General Fund, including EMS taxes and Metropolitan Park distribution, would amount to \$146,077.55 compared to \$72,967.81 last year. He also noted that the increase for 2013 over 2012 in the property tax would amount to \$5.54 on a \$200,000 home.

ORDER OF BUSINESS

Approval of Recommendations of Consent Agenda Items

CONSENT AGENDA

Mayor Johnson reviewed the items on the Consent Agenda with the Council and audience. He stated that items listed on the Consent Agenda are considered to be routine in nature and will be enacted by a single motion of the Council without separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by Council request. Councilmember Skaug moved, Councilmember Weller seconded to read the Consent Agenda.

Motion Carried.

City Attorney McAloon read the items on the Consent Agenda by title only. Mayor Johnson asked if there were any requests for removal of items from the Consent Agenda from the Council. There were none. Councilmember Hughes moved, Councilmember Hawbaker seconded to adopt the Consent Agenda as presented.

Motion Carried.

Motions

- Minutes - September 25, 2012 1. The Council dispensed with the reading of the minutes of the regular meeting of September 25, 2012, and approved them as submitted.
- Accounts Payable, Payroll, and Electronic Transfers - October, 2012 2. The Council approved disbursements represented by accounts payable checks numbered _____ through _____ totaling \$ _____ inclusive, payroll checks numbered _____ through _____ totaling \$ _____ inclusive, and electronic transfers totaling _____ and directed that they be paid upon approval of the Auditing Officer and Audit Committee.
- Holbrook Waterline Change Order 3. The Council ratified Change Order No. 1 to Contract No. 12-07, Holbrook Waterline.
- Claim for Damages - Moos 4. The Council referred a Claim for Damages submitted by Kendra Moos for an undetermined amount to the Washington Cities Insurance Authority (WCIA).

Resolution

- Resolution No. R-61-12 - Transit Operating Assistance Grant 5. Resolution No. R-61-12
A RESOLUTION AUTHORIZING THE ACCEPTANCE OF THE SECOND AMENDMENT TO PULLMAN TRANSIT OPERATING ASSISTANCE GRANT (GCA6809) FOR ADDITIONAL FTA SECTION 5311 FUNDS.

Resolution No. R-61-12 was adopted unanimously.

REGULAR AGENDA

Public Hearing

- Revenue Sources 6. Mayor Johnson announced that a public hearing is scheduled to consider revenue sources for 2013. Finance Director Mulholland went through his memo pointing out that the 2013 revenue projections are up \$631,000 from the 2012 amended budget or 4 percent and amounted to \$177,000 more than the 2012 year-end estimate. He informed the Council that State law requires the City Council to adopt a balanced budget, which means a combination of expenditures and cash reserves must be utilized to remove any deficit. He said that unlike the case in past years, it is proposed that the 2013 budget not use cash reserves or prior years to balance the budget. Total revenue collections projected for 2013 are \$16,576,951. 2012 sales tax revenue is projected to end up at \$3,942,554 or 112 percent of the budget. This increase of \$586,866 is more than the 2011 actual collection. 2013 collections are estimated to be \$4,088,287.

He said that a strong holiday season, initial consumer spending in the first half, as well as an extremely strong building permit valuation enabled us to have the sales-tax collections that we did. He noted that utility taxes would be relatively flat. Franchise fees are dipping down a little bit. The Fire Service contract with WSU has not been negotiated. It was \$857,958 this year and he has projected \$875,000 at this time. City assistance was budgeted at \$49,000, it is estimated at \$43,000 for year-end and next year will be \$42,000. We are also adversely affected by decreases in the liquor excise and profit taxes. In the service charge category, transfers out of the Metropolitan Park District will increase \$249,000 in the 2013 budget due to the gift from Ed and Beatriz Schweitzer for the Aquatic Center. He noted that while the sales tax from construction will remain strong in 2013, it is anticipated that we will expect a sales tax decline in 2014 in the range of \$700,000 as we will not have the same type of building that we have experienced in 2012 and 2013.

In summary, Finance Director Mulholland said that 2013 will be a challenging year for the City as well as the rest of nation. That while the 2013 projections are higher than in past years, he noted that approximately \$700,000 will not be available for 2014. It does reflect the need for the 1 percent property tax increase. He said that if we did not have the construction related sales tax and the Aquatic donation, our revenues would have declined over \$369,000. He said that we would look at our expenses and revenue sources early in 2013 and see if we can enhance permanent changes to these cash flow streams to put the City on a sustainable financial footing. There were no questions or comments from the Council.

Mayor Johnson opened the public hearing. No one requested to speak. Mayor Johnson closed the public hearing.

Motions

- Capital Improve- 7. Mayor Johnson announced that a motion is requested.
ment Projects Finance Director Mulholland presented the staff
Reserve Fund report and stated that he felt that we should transfer \$31,169 of the possible \$62,455 that was shown on the third quarter schedule that could be transferred. He informed Council they could follow the recommendation, they could put all of it in there or none of it. Councilmember Paul just wanted to note that it is critical that we keep the reserve going. Finance Director Mulholland agreed and said that we still have another quarter for this year and four quarters for next year to continue making or not making contributions to the CIP. He suggested the \$31,169 due to the fact that we are going to be short on the projected schedule, and to ward that off, he wanted to make this transfer so at least we would have \$20,000 in there.

Councilmember Hughes moved, Councilmember Wright seconded to transfer \$31,169. The motion carried unanimously.

Information
Services

8. Mayor Johnson announced that a motion is requested to approve the hiring of a full-time Information Service Technician and the transfer of the Maintenance and Operations Systems Technician to the Information Services department. Information Systems Manager Mark Bailey went through his report, noting that he had brought this up in the levels of services that we had earlier in the year. This would enhance his department as well as not cost the General Fund.

Councilmember Skaug moved, Councilmember Wright seconded to approve the hiring of a full-time Information Services specialist to support non-General Fund departments and transferring the Maintenance and Operations Systems Technician to the Information Services department.

Discussion

Pre-Budget
Workshop

9. Mayor Johnson announced that a pre-budget workshop is scheduled. Acting City Supervisor Workman started off talking on the Street Fund budget. He explained where the revenue sources were and the expenditures that came out of them. He had mentioned they had done some cutbacks, but included for 2013 was \$100,000 for a transportation study in response to a Council goal. The Revenue and Street Funds have been relatively stagnant over the last nine years and have actually decreased in the last few years while expenditures have been increasing. Some adjustments were made to the Accelerated Streets Fund. Crack sealing and sidewalk infilling were reduced or deleted for this year's budget. He was trying to obtain approval on these items. The Mayor asked when the last traffic study was. Acting City Supervisor Workman answered a couple of years ago. Councilmember Hughes asked if funding was from grants or internal. Acting City Supervisor Workman answered they were internal. Acting City Supervisor Workman suggested they leave it in the budget and come back and discuss the transportation study. The Council concurred with his assessment of what to reduce and to come back with a proposal on the study at a later time.

Next they went through Government Buildings. He explained what Government Buildings did and what projects they had deferred out of the budget this year. Several of them have been deferred for several years. He noted that repainting the interior of the Aquatic Center had been deleted from the proposed 2013 Government Buildings budget, but is now part of the suite of projects funded by the donation from Ed and Beatriz Schweitzer. One of the items mentioned was replacing ceiling tile in Pioneer Center that had been deferred. Councilmember Weller wanted to know if this created a hazard from a risk standpoint. Acting City Supervisor Workman stated that they had somebody come in and physically remove any loose tiles. Also, he wanted to know if there was a ranking of projects. Acting City Supervisor Workman said that the projects had already been ranked. The residing

of Fire Station No. 2 at \$42,000 and re-roofing of Fire Station No. 1 for \$12,000 were the top priority projects. Councilmember Paul talked about prioritizing all the projects that need to be done for the City.

Next was General Fund budget. Acting City Supervisor Workman went through some of the goals resulting from the consensus on the August 14 meeting to keep City staff employed as long as possible. Filling personnel vacancies are approved by specific Council approval. Positions should not be reduced from full-time to part-time and not to reset the organization. He noted it needs to be kept in mind that there are unsettled contracts that have budget implications and Council wanted recommendations. He said that after the initial budgets that were submitted, we were out of balance by \$581,908. We had revenues of \$16,576,951 and expenditures of \$17,158,859. He went through collective budgets: Admin/Finance, Public Services, Planning, Public Services, Police, Fire, and Library. The methodology that they employed was to look at the three budgets that had contributed to the increases which were Police, Fire, and Library; Library being not either safety or infrastructure related. He proposed to reset their budgets back to the 2012 budget with some adjustments and additions. For Police, the policing contract was pulled out and there is an adjustment for Police reducing half of their payments to Whitcom as well as 20 percent of Jerry Cork's salary which is actually Fire. To come up with the baseline figure for allocation purposes, this was done: they came back with target budgets of \$5,609,888 for Police; \$4,359,337 for fire; and \$1,178,885 for Library. This amounted to a reduction of \$205,727 off the 2013 Police budget; \$304,893 from the Fire; and \$71,288 from Library. From the 2012 budget, it amounted to a budget reduction from 2012 for Police of \$67,489; \$56,387 for Fire; and \$14,734 for Library. He said that Council could accept the recommendations, modify the recommendation, or direct a different strategy. However, firm direction is needed from Council tonight on closing the budget revenue gap of \$581,908. We are required to adopt a balanced budget and time is now absolutely of the essence for that process. He also said that to keep in mind that there are unsettled labor contracts at this time. Any salary benefit increases resulting from the settlement of these contracts will have an impact and those are not accounted for in the analysis recommendation. Additional service cuts and reductions will likely be required in that eventuality. He also stated to the Council that accountability has to be maintained for the department heads to achieve what their budgets are. We cannot do otherwise.

Councilmember Skaug questioned why fire had more of a cut than police. Acting City Supervisor Workman answered because their budget is much larger than what the Police increase was over 2012.

Councilmember Paul thanked him for a complete report and thanked him for his efforts.

Councilmember Hughes said it was great that everybody was working together to take care of our budget situation.

Council concurred that this was the approach to take. The department heads would come back next week to discuss how they are going to achieve these cuts with either one or two options for the Council to decide which one to do. At that time the Council will approve the methodology.

NEW BUSINESS

Mayor Johnson asked if there was any new business from either the Council or audience. There was none.

EXECUTIVE SESSION

At 8:59 p.m., Mayor Johnson announced that the Council would adjourn for a five-minute recess and then conduct an Executive Session for the purpose of:

To discuss the strategy or position to be taken by the City during the course of collective bargaining or grievance proceedings.

The City Council will reconvene in open session at approximately 9:20 p.m. If it becomes necessary to extend the Executive Session, someone will return to announce the time at which the City Council will reconvene. There was one five minute extension.

If any action is to be taken as a result of discussions in the Executive Session, that action will occur at the open public session.

The regular meeting was reconvened at 9:24 p.m.

ADJOURNMENT

Councilmember Paul moved, Councilmember Wright seconded to adjourn the regular meeting of the City Council.

Motion Carried.

Mayor Johnson adjourned the regular meeting of the City Council at 9:24 p.m.