

CLARKSTONCITY COUNCIL MINUTES
Budget Workshop
November 17, 2014

CALL TO ORDER: Mayor Warren, 6:00 P.M.

COUNCIL:

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| <input checked="" type="checkbox"/> Beadles | <input checked="" type="checkbox"/> Kolstad |
| <input checked="" type="checkbox"/> Provost | <input checked="" type="checkbox"/> Blackmon |
| <input checked="" type="checkbox"/> Nash | <input checked="" type="checkbox"/> Baumberger |
| <input checked="" type="checkbox"/> Manchester | |

STAFF:

- | | |
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| <input checked="" type="checkbox"/> Chief Cooper | <input checked="" type="checkbox"/> Chief Hastings |
| <input checked="" type="checkbox"/> PWD Martin | <input checked="" type="checkbox"/> Clerk Storey |

BUDGET WORKSHOP:

Mayor Warren called the meeting to order at 6:00 p.m.

Clerk Storey presented the preliminary budget; she said requested expenditures are about \$400,000 more than anticipated revenues in the general fund. Storey commented that the 2015 ending balance is an area of concern. She said the auditors now look at the financial stability of an entity. One of their guidelines is whether a city has adequate fund balance. The City should have enough in fund balance to cover 60 days of expenditures, which is about \$650,000. Councilmember Baumberger asked if the reserve fund is considered part of that fund balance. Storey said the City has typically not included it, but the auditors would probably consider it part of the necessary fund balance. Storey said another new requirement is to report the value of compensated balances. That is the value of vacation, sick leave, comp time that would potentially be cashed out when employees leave. The City's liability is over \$500,000.

Storey said that Neil Cox, the City's public defender, has asked for an increase from \$34,000 to \$36,000. That is not currently in the budget. Storey said she anticipates a request for an increase from the city attorney also. She said the city has not paid for dispatch services for over a year. The amount agreed to by contract is included in the 2014 expenses. She commented that it will have to be resolved at some point and until it is, it is a liability. The total amount is about \$200,000 and is split between police, fire and ambulance. Butch Aiken has requested \$9,000 for emergency services. The budget currently has \$4,000 for that line item.

Storey said the big question in this budget is the two positions in the fire department. They are in this budget and total about \$165,000. Baumberger asked what is in the budget for salary increases. Storey said 3% except for the public works and admin group who have an existing contract. She explained that medical insurance is increasing by 5%, vision is going to a tiered rate system, which will increase cost for those with family coverage, retirement rates are increasing by 2% for PERS employees, and L & I rates will increase significantly for many categories.

Storey said there is a listing of supplemental requests from each department. Some are included in the proposed budget and some are not and will need decisions. Storey said the departments all run their budget pretty tight, so there isn't much left to look at cutting.

Baumberger said he didn't see much in the budget to argue about. But sooner or later we won't be able to keep up with wage and benefit increases. Storey said staff met to discuss options. One option is to impose the other .2% of optional sales tax. Blackmon asked how that works. Storey said that council could impose the tax, by ordinance, and a petition for referendum would have to be initiated to force a vote. There is a specific timeline for that to be done, or the tax would stand. Blackmon asked about the process for a sales tax for the TBD. It has to be voted on initially; the board cannot just impose it. Storey explained that if a sales tax were adopted now, it would most likely be at least June before any revenue was received. Baumberger asked what the tax rates are for the rest of the state. Storey said that Clarkston is one of very few entities that do not collect all the local option sales tax. Manchester asked if we are

losing state funding by not imposing all the local option. Storey said we are not losing anything, but when we ask for funding, they are not sympathetic if we are not taking advantage of all that is available. There are other optional sales taxes available, but they are restricted for specific uses and have to be voted. Property tax levy lid lift was another option discussed. It would also require a vote. The City may have some banked property tax capacity, but the amount is unclear. More information will be provided on the levy lid lift option.

Storey reminded council that the lawsuit over the public safety building for \$850,000 is still unresolved. It is in the hands of the bankruptcy court now.

Council asked to start preparing paperwork to impose the .2% sales tax.

Kolstad asked the potential liability from Kelly Jackson's lawsuit. Storey said she doesn't know where that stands. The City's attorneys are handling the case at this point, so there are no extra legal fees. An award of damages would cost the city.

Storey asked if council wants to see any changes in the current expense budget. Beadles said he doesn't see how we can afford to maintain the two firefighters hired with the SAFER grant. Blackmon asked what the impact to the budget would be if those positions were eliminated. Chief Cooper said the ambulance budget reflects \$47,000 in additional overtime, in anticipation of eliminating those two positions. Cooper said there would be some savings in reserve firefighter costs because we wouldn't call back as many since we would be back to a three-man crew. That would offset some of the additional overtime, maybe half. Councilmember Provost asked how things worked before the two grant positions. Cooper said there were overtime and standby costs, but in the past two years ambulance and fire calls have increased. Cooper said on some of the more serious calls three or four medics respond. Cooper said he has projected that 2014 revenue will be \$40,000 more than original projections. Changes in insurance from the Affordable Health Care may impact revenues. Cooper said he anticipates a rate increase for ambulance this spring, but it will not increase revenue by much. Baumberger asked how termination options are affected if the decision is delayed past the first of the year. Cooper said they are regular employees and members of the bargaining unit. The contract requires a 90-day layoff notice, regardless of when the decision is made. Cooper explained that ambulance funds come from the EMS levy, transport fees and subsidy from Current Expense.

Baumberger asked if Storey has enough guidance. She said she isn't hearing any direction to change the current proposal. Beadles commented that the City spends about \$2 million a year on fire and ambulance. He wondered how long the city can afford that. Cooper said he worries about sustainability too.

Councilmember Kolstad said if current expense is subsidizing ambulance, then the fees or levy need to be increased to cover that need. He said it doesn't make sense to him that the council would propose raising sales tax and vehicle license and then turn away new business. He wondered if there are areas where the fees don't cover the cost of the service that should be reviewed.

Councilmember Provost asked Storey what she needs from council. She asked if there is anything in Current Expense that they want changed. She asked if council wants an ordinance for sales tax at the next meeting. Baumberger said it isn't needed for the next meeting. She asked about the requested increases for Emergency Services and public defender. Baumberger asked if Aiken provided his budget. Storey will ask him to provide a copy.

Street budget was discussed. Storey explained that the seal coating budget request should actually be \$100,000 instead of \$200,000. Part of it was for the 13th Street project, and is included in the construction budget. That makes the deficit \$117,000. The estimated revenue for the Transportation Benefit District is about \$95,000, but we don't anticipate starting to receive any of it until mid-year. Councilmember Nash suggested reducing the patching, sealcoating and alley budgets by half. Beadles suggested checking to see if street lights could be changed to LED to reduce costs. PWD Martin said he would check into that possibility. Initial cost might be too much at this time. Martin said he would prefer to spend available funds on chip sealing rather than alley paving. Storey said there is still about \$75,000 in the street reserve fund that could be used. Nash suggested using anticipated TBD funds for street maintenance. Direction was to reduce patching to \$15,000, sealcoating to \$80,000, eliminate alley paving and transfer \$30,000 from Current Expense reserves.

Sanitation is the other fund that has a negative balance. Storey explained that we obtained enough financing to cover the cost of the new truck, used reserve funds for the totes and then discovered that we

didn't have enough totes. Another \$27,000 was spent on additional totes. A rate change was postponed until we had better information on what actual charges would be once people settled in with the proper size of tote. Storey said she is looking at those numbers now and will have a rate adjustment proposal soon. Martin said he is asking for funds to modify the older trucks with a tipper system to use as a backup for the new truck. Provost asked if the new truck will continue to need to two people on it. Martin said that should be temporary, until residents get used to proper placement.

Another workshop will be needed, but was not scheduled.

ADJOURNMENT:

Meeting adjourned at 7:32 p.m.

Vickie Storey, City Clerk

Kathleen A. Warren, Mayor