

**FIFE CITY COUNCIL
STUDY SESSION
MINUTES**

Fife City Hall
Council Chambers

Date: May 19, 2009
Time: 7:00 p.m.

EXECUTIVE SESSION Mayor Pro Tem Brooks convened an executive session at 6:00 p.m. for the purpose of Real Estate RCW 42.30.140 for approximately 50 minutes.

ADJOURNMENT Mayor Pro Tem Brooks adjourned the executive session at 6:50 p.m.

CALL TO ORDER AND ROLL CALL Mayor Pro Tem Brooks called the study session of the Fife City Council to order at 7:06 p.m. with the following Councilmembers present: Richard Godwin, Butch Brooks, Glenn Hull, Barry Johnson, Nancy de Booy, and Kim Roscoe.

Excused absence: Councilmember Rob Cerqui.

Staff present: City Manager Worthington, Finance Director Steve Marcotte, Assistant City Attorney Gregg Amann, Interim Community Development Director Carl Durham, Public Works Director Russ Blount, Parks, Recreation & Community Services Director Kurt Reuter, Administrative Assistant Andrea Richards, Financial Analyst Dave DeGroot, and Recording Secretary Valerie Gow.

PLEDGE OF ALLEGIANCE Councilmember Godwin led the pledge of allegiance.

CHANGES, ADDITIONS OR DELETIONS TO AGENDA There were no changes to the agenda.

STUDY SESSION

Overview of Parks & Recreation Director Reuter provided an overview of the Parks, Recreation & Community Services Department organization and budget. The department recently completed reorganization from four divisions to three divisions by combining the Recreation and Community Center Divisions to one division, Recreation Services.

Director Reuter reviewed an organizational chart of the department. Staff job descriptions were revised for ease of employees working across divisions.

Councilmember Hull inquired about the positions covered by the union. City Manager Worthington indicated supervisory positions are union positions with the remaining staff classified as non-represented employees.

Mayor Pro Tem Brooks asked about the impact of parks maintenance based on

the reduction in seasonal staff. Director Reuter said the primary focus is to continue maintaining City parks. Some project work will not be completed because of the reduction in seasonal staff.

Mayor Johnson asked about considering the possibility of combining parks maintenance with Public Works. City Manager Worthington said the option was considered at one time. However, because of the difference in the type of work performed, the functions are separate and have not been combined. Additionally, park equipment is different than equipment used by Public Works employees. Mayor Johnson referred to the option of reducing supervisory staff by combining the two functions. City Manager Worthington added that there are different pay scales for the work performed by Public Works employees and Parks maintenance employees.

Director Reuter advised that although the department has reorganized into three divisions, the budget for 2009 still reflects four divisions. In 2010, the budget will reflect three divisions.

Mayor Johnson questioned the variations in the budget for parks maintenance, Swim Center, and the Community Center. Director Reuter said there were several reasons for the variations. There was approximately \$40,000 of expenses that were project related that rolled into 2008 as part of the 2007 remodel project for the pool. For the 2009 budget, the \$22,000 Swim Center reduction reflects a reduction in part-time staff hours. Within the Recreation Division and the Community Center, the difference is for a salary correction occurring in 2008 to bring salaries current. For Parks Maintenance, the reduction in 2009 reflects decreased operational costs through reduced equipment purchases and one seasonal worker.

Overview of Community Development

Interim Director Durham displayed the current organizational chart and identified staff and their respective job responsibilities. The department has only been fully staffed for three years since he joined the department 20 years ago. The department is responsible for adhering to the Growth Management Act through annual amendments of the comprehensive plan, the Buildable Lands report, working on flood issues and the community rating system, fire inspections, and emergency planning and response.

The 2009 budget is less than the budget in 2007. Some strict processes were implemented for spending during 2009.

Mayor Pro Tem Brooks asked about the responsibilities of the GIS Technician. Interim Director Durham said the GIS program is administered through Pierce County, which provides the equipment. The program is a process for interpreting and recording different types of data. Data can be completed for wetlands and buildable lands using processes staff works with each day. It's possible to process data for locating sex offenders, scheduling bus appointments

for disabled riders, tracking criminal activities, computing square footage of parcels, and developing miscellaneous maps and posters of the City by land use. GIS is accurate and much easier to use. There are measuring tools built within the system.

Councilmember Hull asked whether it's typical for a City of 8,000 to have a Fire Marshal and two Deputy Fire Marshals. Interim Director Durham said he's unsure whether staffing is typical. However, for comparison, the department is staffed at a much lower rate than other cities of similar size. Title positions are necessary to enforce City building and fire codes.

Councilmember de Booy asked whether the GIS program is a computerized program. Interim Director Durham verified that it is a computerized program comprised of two levels. The web user level enables the user to utilize the information with no changes allowed to the system. For example, any new annexations to the City can't be input into the system by a web user. A trained technician can add the information to the system as well as having the ability to obtain more data from the system. In GIS, it's sometimes difficult to align parcel boundaries on a photo due to some variance in overlaying the legal plot descriptions over the photograph. GIS is a wonderful communications tool. Steve Montgomery is a certified technician and can add data.

City Manager Worthington described some of the benefits of GIS. GIS has provided capability of assessing visual changes to Wapato Creek over the last 100 years.

Mayor Johnson asked about the hours per week for the Fire Marshal and Deputy positions. Interim Director Durham said it's difficult to quantify the time as the Fire Marshal and Deputy Marshal spend time on plan review, permit operations, and inspection of fire codes. It's likely each position spends between 10% and 15% of their time weekly on those tasks.

2009 Budget

Director Marcotte provided a current status of the 2009 budget. The City continues to experience weakness in several major revenue sources involving sales tax, building permits, and plan check and review fees. Together, those revenues appear to reflect a shortage of \$1.9 million for the year, which are offset by the partial allocation of the Engineering Division to Utilities. The net result is an anticipated revenue shortfall of \$1.6 million.

Staff reviewed the actual savings in unfilled positions. Approximately \$707,988 can be saved through unfilled positions in 2009. The other two areas of savings is the transfer to the Detention Services Fund comprised of the estimate of the actual cost of the regular daily rate of Fife prisoners. Additional revenue the City has received for contracted bed nights offsets the \$121,843 transfer. Other savings of \$80,000 in expenditures from the General Fund has been included as well through staff-identified savings. Combined, the total

savings represent approximately \$909,831 leaving a \$700,000 budget gap to resolve. Staff is seeking the Council's guidance on how to fill the budget gap.

Director Marcotte reviewed information on various reserve balances for different funds. The beginning fund balance is the actual amount while the ending fund balance is only a projection, depending on how the \$700,000 gap is filled. Additionally, the City typically processes a mid-year budget correction, which also reflects another potential point of adjustment.

The Council was referred to the most recent updated graph of sales tax receipts to date. The graph spikes somewhat higher because the City recently received the quarterly mitigation payment from the state of approximately \$137,000. However, sales tax receipts were only \$355,000. The City will receive sales tax figures for May within the next week. It is obvious that there is no sign of economic recovery occurring.

City Manager Worthington commented that the sales tax trend does appear to reflect that the freefall the City was experiencing has bottomed out since the Council's last review. At the last discussion, the Council discussed the potential of providing some level of reserves from one category or another to offset further reductions in staff or programs. At that time, the amount of savings for salary reductions was an estimate, which has improved to reflect over \$700,000, which is several hundred thousand more than previously anticipated. If the Council elected to use \$500,000 in reserves, the shortfall would be approximately \$200,000.

City Manager Worthington asked the Council to consider a plan to fill the gap. He noted the City continues to ramp down expenses to reduce costs. He outlined the reserve balances for consideration:

- Required 17% Allocation of \$2.4 million
- Tribal Interlocal Allocation of \$1.5 million
- Emergency Contingency Fund of \$429,423
- Public Safety Fund of \$700,000 (approximately)

Mayor Pro Tem Brooks expressed uneasiness with the sales tax projection of \$5.2 million based on the first four months of sales tax receipts. Director Marcotte acknowledged the projection was based on an estimate that may not relate to today's economic reality. It's necessary to make some kind of projection; the question is what projection is reasonable based on today's circumstances. Mayor Pro Tem Brooks said based on trends, it's safe to assume the City will receive at least \$100,000 less each monthly than in the previous two years, which will be below the \$5 million projection. The biggest concern involves the Council's decisions affecting outcomes in 2010.

City Manager Worthington emphasized the need to develop a plan for 2009 through 2010. Additionally, it's important to note that the Tribal's \$850,000 is based on a contractual obligation for 2009 as well as 2010. Mayor Johnson pointed out that he doesn't view the Tribal impact funds as a source to cover General Fund expenses as the casino has huge impacts on the community. The fund should be used for community-based projects versus general expenses. Councilmember Roscoe agreed.

City Manager Worthington said the Council has several choices. It would be wise to demonstrate that those funds are moving from that account into other account balances because it gives the false impression the City doesn't require the funds for operating expenses. Mayor Johnson added that last year, the Council used the funds for pool renovations. The funds could also be used for the Brookville Gardens Park project.

Councilmember Hull recommended the Council consider eliminating the vacant staff positions and begin with a clean slate in 2010 rather than reflecting the vacancies as a potential source of savings.

Councilmember de Booy asked whether the Tribal funds are restricted for specific types of expenditures. Director Marcotte said the funds are provided under the terms of the interlocal agreement with the Tribe to offset the costs of community impacts from the casinos. The Council elected to designate the funds for Council discretionary use.

Councilmember de Booy questioned the difficulty of the City Manager cutting an additional \$200,000 if the Council designates \$500,000 from a reserve balance. City Manager Worthington replied that the easier decisions were rendered sometime ago. Today, additional reductions will result in the loss of positions or programs/services. It will be achievable but difficult because employees will lose their job, programs will be cut, or service levels reduced.

Councilmember Godwin agreed with the suggestion of eliminating unfilled vacant positions for the 2010 budget and using the actual number of positions as the basis for the cost of running the City during 2010 plus contractual increases.

Councilmember Roscoe agreed with the Mayor's recommendation of using Tribal funds only for community-oriented projects. It's important for the City to have opportunities for projects benefitting citizens during a time when the nation is experiencing economic difficulties. She voiced opposition of spending the reserves and using that funding source for community-based projects.

City Manager Worthington reminded the Council that there is a cost to the City to pay for general fund expenses of police and other services to respond to

emergency calls to the casino, to maintain streets, and other expenses necessary to provide services. Councilmember Roscoe said she recollects the interlocal agreement enables the City to identify additional impacts and that the Tribe would cover those expenses. Director Marcotte said the interlocal agreement includes a provision to enable the City to compete for an additional 2% in grant money on the same basis as any other jurisdiction by demonstrating impacts.

City Manager Worthington advised that the Council basically has two sources of funds to cover the budget gap in 2009.

Councilmember Hull said he wouldn't oppose using reserve funds to cover the entire budget gap with the caveat that the amount would be paid back similar to an interfund loan.

Councilmember Godwin said he'd support providing \$250,000 from each fund for a total \$500,000 (Tribal and Contingency) with the City Manager reducing costs by another \$250,000.

Director Marcotte clarified the fund balance for the Public Safety Fund as well as some of the spending restrictions associated with the account. The Contingency Fund (105) can be used by the Council by declaring an emergency and voting by super majority for utilizing the funds. Mayor Johnson advocated for utilizing the Contingency Fund (105) of approximately \$419,423 instead of the Council's 17% reserve fund. He expressed disappointment that the City Manager did not provide budget reductions to account for 50% of the budget deficit.

City Manager Worthington responded that at that point, the budget deficit was \$750,000 and staff had estimated vacant position savings of approximately \$400,000 rather than the \$700,000. He believes the difference satisfied the goal of making up the 50% budget deficit.

Mayor Pro Tem Brooks said based on the size of the budget deficit at the last meeting, he was anticipating a 50/50 share to make up the deficit and prefers that approach rather than providing \$500,000 from reserves. His main concern is moving forward and having confidence in the economy recovering and in the projections of sales tax collections. Essentially, it equates to the City providing a 5% budget reduction.

Mayor Johnson commented on potential ways to save funds through reducing staff positions or considering having the Fire District assume Fire Marshal duties.

Councilmember Godwin expressed concerns about reducing the contingency fund. He preferred using \$250,000 from the Tribal fund and \$250,000 from the contingency fund.

Councilmember Hull preferred utilizing the reserves for the entire budget deficit with the fund paid back through an interfund loan that could be funded through the sale of real estate. He advocated for removing the vacant positions from the City's authorized staffing level.

Councilmember Roscoe said she likes the approach of using the reserves while considering the use as a loan. She supported spending the reserves as long as the City works to rebuild the balance. She said she's unsure of her position with respect to eliminating vacant positions.

Councilmember de Booy agreed with the City's Manager's assertions that the funds are for rainy days, which is one reason for having the reserves. The reserve should be used as it was intended. She noted the City appears to be handling the cut in staffing adequately. She asked City administration to consider other cuts or reductions in expenses but supports utilizing the reserve to cover the shortfall.

Mayor Pro Tem Brooks agreed the positions should be eliminated at this point. He encouraged the Council to consider the reports on the expectation that the downturn in the economy will continue through 2010, which is not a rainy day, but a new reality. His concern is spending down \$750,000 and whether the Council is prepared to do so again next year. He supported funding up to \$300,000 or \$400,000 from the reserve, but believes the City is looking at the issue through rose-colored glasses. The turnaround will not reestablish previous levels. Steady progress will begin, but not at the same level as in previous years.

Mayor Johnson referred to the Assistant City Manager, which the Council elected to add when the City Manager was first promoted. However, based on the economy, the position could be eliminated with the City Manager delegating more to directors. The Community Development Director is a growth driven position. When growth increases, the position can be supported through increased revenues. He noted the City's daytime population is an issue the Council will need to consider in the future in terms of police and public works positions. Changes will need to be made in the long-term. He supported using some of the budget reserves for the budget gap this year but doesn't believe it's reality to expect the funds to be repaid. He recommended utilizing the 105 contingency fund of \$419,423, some funds from the Public Safety Fund, and the additional \$189,000 anticipated from the Tribe for dispatch services. He offered the option of considering employee furloughs to reduce the budget deficit rather than eliminating positions.

Councilmember Godwin reiterated his preference to utilize only \$500,000 from reserve accounts with the knowledge that next year may be worse.

Councilmember Hull asked the City Manager to provide some budget reduction scenarios during a regular meeting of between \$250,000 and \$300,000, so the Council can consider voting on the matter. Not replenishing the reserve fund will affect the City's bond rating. It will be important to pay back the reserve.

Discussion ensued on paying back the reserve.

Councilmember de Booy supported using the reserve for the entire budget deficit because of its intended purpose. She commented on a more positive outlook in terms of the economy.

Councilmember Roscoe said she'd support using \$300,000 from the reserve.

City Manager Worthington committed to providing the Council with a list of potential reductions totaling \$200,000 to \$300,000.

Mayor Pro Tem Brooks asked for the Council to continue updates on sales tax receipts as information becomes available. He noted the Council majority appears to support providing up to \$500,000 from the reserve to fund the budget deficit.

**REVIEW OF
UPCOMING COUNCIL
AGENDAS**

The May 26, 2009 Council meeting includes a number of special presentations involving employee service awards, recognition of retiring Civil Service Commissioner Chuck Lundin, Daffodil Float award, the City's receipt of Puget Sound Regional Council's VISION 2040 award, and Public Service Excellence awards to an employee and a community member.

The Council will consider the loading dock door excise tax for first reading and the adoption of the Pierce County Library Annexation ballot measure. Several resolutions include interlocal agreements involving the Washington State Department of Transportation.

The Volunteer Appreciation Dinner is scheduled for May 28, 2009 at 6:30 p.m. Volunteers are notified through the website, through TV announcements, and in the newspaper. Councilmember Godwin said he will speak to the City Manager offsite about the event.

The June 9, 2009 meeting agenda includes a presentation on the 2008 Annual Report, receipt of another award, a potential 2009 budget amendment, the second reading of the loading dock door excise tax, identification of voting delegates to the Association of Washington Cities (AWC) conference, which are tentatively identified as the City Manager, Mayor Pro Tem Brooks, and Councilmember Hull, and a briefing on administrative design review for the Community Mixed-Use zone.

The June 16, 2009 study session includes a park rule update, report on the water

well test, review of an interlocal agreement amendment, and a possible discussion on the City of Edgewood's sewer system.

The June 23, 2009 meeting may encounter a lack of quorum because of the AWC conference.

OTHER BUSINESS

Assistant City Attorney Amann advised that the request to include a statement that passage of the proposition would result in real property with the City being subject to Library District Taxation was not allowed by the Auditor's Office under the RCW. However, an explanatory statement could be included in the voter's pamphlet. The ordinance was changed to reflect that intent.

**CITY MANAGER
REPORT**

City Manager Worthington reported on the following:

- The Department of Health approved the City's Water Comprehensive Plan.
- Summer Day Camps are fully booked.
- The Council's Washington, D.C. was successful with Senator Murray's submittal of \$3.9 million for transportation project.
- State auditors are at City completing the City's 2008 audit.

**COUNCILMEMBER
COMMENTS**

Councilmember Hull shared information about an opportunity for umpiring a professional softball ball tournament.

Councilmember Roscoe reported she attended a local career fair and spoke to students from four classes about her role as a Councilmember.

Mayor Johnson reported on receiving a letter from the Thurston County library system for the next meeting on May 28, 2009 from 2:00 p.m. to 4:00 p.m. He also received a letter from the Department of Navy on the surplus of the Navy and Marine Corps Reserve Center in Tacoma. City Manager Worthington advised that the City did not respond to the letter because of the location. Mayor Johnson pointed out that there may be potential impacts to the City resulting from the potential use. He received an invitation to attend the Tacoma Pierce County Health Department dinner on May 29, 2009 promoting walkable communities. Councilmember Roscoe said she plans to attend the dinner.

Mayor Johnson asked about progress on the mural involving the high school. Director Reuter reported the art teacher at Fife High School is leaving and recruitment of an artist to lead the effort will be pursued for working on the mural this summer.

ADJOURNMENT

With there being no further business, Mayor Pro Tem Brooks adjourned the meeting at 9:00 p.m.



Butch Brooks, Mayor Pro Tem



Steve Marcotte, City Clerk/Finance Director

Prepared by Valerie Gow, Recording Secretary/President
Puget Sound Meeting Services