

**FIFE CITY COUNCIL
STUDY SESSION
MINUTES**

**Fife City Hall
Council Chambers**

**Date: October 20, 2009
Time: 7:00 p.m.**

EXECUTIVE SESSION **Mayor Pro Tem Brooks convened an executive session for the purpose of Real Estate RCW for approximately 63 minutes.**

ADJOURNMENT Mayor Pro Tem Brooks adjourned the meeting at 7:03 p.m.

**CALL TO ORDER AND
ROLL CALL** Mayor Pro Tem Brooks called the study session of the Fife City Council to order at 7:03 p.m. with the following Councilmembers present: Richard Godwin, Glenn Hull, Butch Brooks, Barry Johnson, Rob Cerqui, and Kim Roscoe.

Excused absence: Councilmember Nancy de Booy.

Staff present: City Manager Steve Worthington, Finance Director Steve Marcotte, Assistant City Attorney Greg Amann, Police Chief Brad Blackburn, Public Works Director Russ Blount, Parks, Recreation & Community Services Director Kurt Reuter, Administrative Assistant Andrea Richards, Financial Analyst Dave DeGroot, and Recording Secretary William Gow II.

**PLEDGE OF
ALLEGIANCE** Councilmember Hull led the pledge of allegiance.

CHANGES TO AGENDA A City Manager's Report was added at the end of the agenda.

STUDY SESSION

**Master Business License
Program** Director Marcotte reported the Council previously received a presentation on the State Department of Licensing's Master Business License Program. At that time, the City elected not to move forward. Since then, the program has grown significantly. He introduced John Jacob, Department of Licensing, who briefed the Council on the program and its benefits.

Mr. Jacob described the Master Business License Program as a partnership between businesses, the City, and the Department of Licensing. A number of cities are participating in the program. The program helps businesses by offering a one-stop shop method for businesses that operate in multiple cities. The program also assists City staff by reducing the administrative process involved with business license renewals. The program assists cities in establishing and simplifying fees schedules, drafting an ordinance for joining the program, and providing general assistance to staff during the conversion process. The City retains all regulatory approvals and denials of licenses. A combined licensing concept benefits businesses. The process is a way for cities to reduce staff time, reduce costs, and provide businesses with a combined process for business license renewals.

Councilmember Cerqui asked whether enforcement would be the responsibility of the City. Mr. Jacob said the City retains enforcement. He responded to questions about the lack of the program to accommodate an employee-based business license fee structure. Mr. Jacobs said across the state, cities define employees differently.

Mr. Jacob said the program charges a \$9 master license handling fee for the renewal. The fee would be a new fee to businesses not already participating in the program through another city. The department, when assisting cities in drafting a letter to businesses, also includes an explanation about the fee. He added that cities participating in the program experience an increase in the compliance rate.

Councilmember Hull commented on how the program streamlines processes and enables time for staff to work on other tasks.

Mr. Jacob responded to questions about processing and how the process is administered internally. The City is connected electronically with the department's program. City staff members are trained on how to use the program. Information is electronically submitted to the City for the City's approval or denial.

City Manager Worthington said the City's program provides several functions, one of which involves regulatory compliance, such as adherence to zoning laws. He asked whether the City would retain that oversight. Mr. Jacob verified the City retains all control.

Director Marcotte referred to information on the current license fee schedule, which is employee based. It doesn't adhere to the program as currently designed. It's one reason the City elected not to pursue joining initially. The City budgets approximately \$175,000 in business license fees annually. Transferring to another structure would depend on whether it meets programmatic needs and ensuring the City remains revenue neutral. He discussed alternative structures with the department. However, at this time, there is no program to recommend. If the Council elected to proceed with joining the program, the City would need to design an alternative fee structure involving a gross income schedule rather than an employee-based schedule. It also could include multiple tiers dependent upon the size of the business.

Mayor Johnson asked about the available tiers in the state's program. Director Marcotte said the state has only one tier available.

Mayor Pro Tem Brooks asked whether the program can accommodate regulatory license fees, such as the fees charged by Bellevue. Director Marcotte described the separate regulatory licenses for different types of business, such as taxicab businesses.

Mr. Jacob explained that at this time, the program can only accommodate the general business license fee. Cities assessing separate regulatory licenses handle those separately. He noted the cities of Bellevue and Richland were part of the pilot project. At this point, cities with only a flat fee are accepted, but the department is receptive to exploring another fee provided it makes sense and is considered a viable fee structure that could be used by other cities as well.

The Council discussed the option of a single license fee as a fee based on gross revenue is already imposed on businesses through the state's Business and Occupation tax. Director Marcotte said if the City elected to establish a single point fee, the license fee would need to be approximately \$150, which would represent an increase to many businesses in Fife. Another option already explored with the state is determining a flat fee with a trigger for a different and higher fee based on the number of employees.

City Manager Worthington said the overriding issue is to ensure the solution is revenue neutral. If the City elected to join the program, it's likely more businesses would be reporting to the City and staff could be reassigned or reduced. Unless the City determines another way to restructure the fees, the City will lose approximately \$100,000 if a single flat fee of \$50 was established.

Director Marcotte and City Manager Worthington addressed several questions pertaining to the licensing of remodeling contractors, door-to-door salespeople, and the City's current practice. The City currently issues approximately 3,100 licenses annually. Many businesses are already paying the state's \$9 fee. There is no charge to the City for the program offered through the state. However, if a different cost structure design is created, there could be a fee involved. It costs the City to process business licenses through staff time, which represents less than a half-time employee. Director Marcotte described staff's time for processing business license applications.

Councilmember Godwin asked about the length of time to secure a business license. He expressed concerns that the process is too convoluted for small business owners. Councilmember Hull advised that it took him three days to secure a business license. City Manager Worthington said it takes from three days to a week to obtain a license because there are different types of business applications requiring different processes. Councilmember Godwin suggested the process should be simplified. City Manager Worthington advised that when that occurs, certain controls are also eliminated.

Mayor Johnson commented on the benefits of the program to the business owner and how it streamlines the paperwork process and the need to obtain licenses or license renewals from several jurisdictions. An increase in the business license fee up to \$125 or \$155, as an example, is likely worth the added expense to the small business owner by reducing the owner's

processing time. He advocated for the City joining the program beginning with a flat fee structure with the possibility of looking at a tiered structure at some point in the future. The City should pursue the program and reduce the burden on staff.

Mayor Pro Tem Brooks said contractors prefer the program because of the time saved.

Councilmember Hull said the tiered revenue with a basic fee with increases based on gross revenue would make sense because those business owners could afford the increase.

Councilmember Roscoe suggested retaining some local control for smaller businesses. Director Marcotte said there is no design or obligation at this point to commit the City fully. Continued discussions will need to occur with the state to determine the ultimate flexibility available in the program.

The majority of the Council agreed, if the program is revenue neutral, for staff to present several proposals for review.

Puyallup River Levee Interim Solutions

Director Blount displayed an aerial view of the levee system in Fife. The levee system was previously certified by the Federal Emergency Management Agency (FEMA) to protect Fife from flooding from the Puyallup River in 2005. The levee has been decertified and it's anticipated that the City will suffer significant flooding in the future. He identified major landmarks in the City. Individual homes within the Radiance subdivision were raised above the floodplain. The mapping is not a map of water at the same elevation as the top of the levee, but a map of water that has dispersed, which leads to an important factor. The risks involve dispersal of flooding waters and the risk of the initial overtopping of the levee out of the levee, which is a higher risk. A countywide study is underway to develop a permanent solution costing millions of dollars and years to study. It's likely there would be federal involvement. However, in the interim, some temporary solutions have been examined to determine whether there are areas that are more apt to fail.

The City is looking at the issue of what is most deserving of protection rather than the risk factor, such as the number of houses within a development. The proposal recognizes that there are many high value homes in Saddle Creek and that the City can undertake some mitigation that would provide an added level of protection of the Saddle Creek neighborhood. He described some of the preventive measures including a small berm of three feet above the road level and an option of using sandbags under a tarp. For any of those efforts, it takes three days to install. Generally, there's only a 12-hour notice prior to storms. Protecting the entire City might entail many false alarms and spending thousands of dollars.

Director Blount said he doesn't believe sandbags are the solution and that the

option involving water-filled tubs is cheaper and quicker costing approximately \$100 a foot. To protect the neighborhood, it would cost approximately \$500,000. However, this option for the entire City is not realistic. Staff recommends that if funding can be obtained the City should invest \$100,000 for levee reinforcements.

Councilmember Godwin pointed out that the discussion should have occurred in May instead of at the beginning of the rainy season. As a citizen, he attended a number of Council meetings and the Council was warned before Radiance was built that there would be problems. Right after he was elected to the Council, the levee was decertified. Now, its six years later and the City is still studying the issue. The City has gone through a full year with nothing to show for it. He expressed disappointment that nothing has been accomplished.

Councilmember Hull asked about the number of affected homes. Director Blount advised that approximately 12 homes would be impacted by water. One of the reasons for not pursuing action immediately is because the area is the most stable section of the levee because of developer reinforcements. The proposal provides some extra protection for overtopping as well as pursuing some efforts independent of the county. Councilmember Hull noted that some of the responsibility lies with property owners as he was notified prior to purchasing his home that the levee had been decertified. He cited the cost of flood insurance on his home and suggested a possible process of participating in a shared solution to avoid spending \$500,000.

Councilmember Roscoe said she's not convinced that the options provide a solution. However, not doing anything also sends the wrong message. She suggested it's inappropriate for any jurisdiction to advise about the possibility of problems some day and not allow development. It wouldn't have been appropriate for the City to ban building because it's not a good idea. The City at that time didn't have the science to support banning construction next to the levee. Today, that science is available. The City has taken appropriate steps over time as development occurred.

Councilmember Cerqui said the county reinforced a section of the lower bank. A large bar on the opposite is channeling water. He asked whether anyone has discussed the possibility of removing the bar. Director Blount acknowledged that many people have discussed it but moving forward and having it removed may be part of a long-range solution and hasn't been pursued at this point. It's unlikely that the bar would be removed by mechanical means in the next several years. The stabilization of the north bend will prevent the bar from moving and pushing the river further north. It appears the last big storm pulled some material off the bar.

Mayor Johnson pointed out that if the City has prohibited building in the area, the City could have faced a taking situation and could have been put in a

situation of purchasing the property, which the City likely couldn't afford. People living next to a levee should have flood insurance. He asked whether there is anything prohibiting the City from doing anything on top of the levee. Director Blount said the major factor concerning the levee is that it serves a road with regional traffic. Any temporary measure will require traffic interruption. From an engineering standpoint, the levee wasn't designed to handle additional load height without widening the base. City Manager Worthington said if semi-permanent solutions were constructed not meeting engineering design standards of the levee, the jurisdiction could be held financially liable.

Mayor Johnson noted the City committed to a 250-foot wide floodway. It's likely not possible for the City to obtain permits for a temporary or semi-permanent levee within the floodway. Director Blount said the floodway is strictly for protection measures.

City Manager Worthington reported there are a variety of measures to consider within a range of dollars. The long-term solution will take time and the City is exploring ways to fill the gap and provide some level of protection that may begin with small measures. One measure is ensuring people have flood insurance. The City has promoted the purchase of flood insurance through a variety of methods. Next week, a door-to-door delivery of flood insurance and awareness materials will occur between 54th and 70th.

Director Blount verified that without further exploration, it's unknown at this time if the levee could be raised. Raising the levee by one foot could be likely because there would be sufficient strength at the base. However, additional research would need to occur.

Councilmember Roscoe asked about the definition of decertification. Director Blount reported decertification means the levee is no longer adequate to protect the City from flooding. City Manager Worthington reminded the Council that Fife is the only city along the river that affords floodway protection. The levee has not been officially decertified at this time. Flood insurance is also more expensive if a levee has officially been decertified. Raising the road entails meeting road standards.

Mayor Johnson said when the FEMA flood map was prepared, it assumed the railroad levee wasn't present. Director Blount said it was developed in stages. The area between the river and the railroad was shown as the railroad acting as a dam. The area north of the railroad is shown as if there is a railroad break. The area between the railroad and the dam was modeled with I-5 acting as a dam. The area north of I-5 was modeled as if I-5 wasn't present.

Mayor Johnson said another change since the map was developed is the Tribe's placement of the fish habitat area and berm that crosses the levee, and

the railroad grade acting as a dam as well as fill on tribal property adjacent to the railroad tracks which could impact various flood projections for areas upstream.

**2010 Washington State
Legislation Agenda**

Justin LeBlanc, Senior Vice President, Petrizzo Strategic Group, joined the meeting by teleconference.

City Manager Worthington referred to establishing the Council's state and federal legislative agenda. Two primary objectives during the legislative process are making important policy changes benefiting the community and City and identifying capital opportunities for important projects.

City Manager Worthington reviewed the materials provided to the Council.

Mr. LeBlanc referred to the activity report of focus at the federal level over the last year. Some funding success was achieved for the 70th Avenue East and Valley East Corridor project. Approximately \$1.5 million is pending in a Senate bill and \$300,000 in a House bill. The bills have not been reconciled. The team is working with the legislative delegation on those bills. The team is also working on the larger transportation reauthorization project, or Surface Transportation Bill. There was some limited action by Congress with the Senate interested in deferring it until next year. There is still some interplay between the House and the Senate on how long the extension should be. The Senate likely will prevail with a 12 to 18-month extension. The City Manager has provided information and education on flood control and preparedness issues of concern to the City. The team is coordinating and with congressional offices and engaging with the City on those issues as they move forward. There are a number of challenges by many communities throughout the nation where neither the US Army Corps of Engineers has budget or statutory authority nor is FEMA providing any funds for preparedness or advanced measures. The team is also working on Department of Justice grant applications. Staff and members of Congress have visited the City to become acquainted with the City's priorities. A discussion will need to begin on what federal funding projects will be of priority in 2011 to begin engaging in the federal appropriations process as soon as possible to have fully completed appropriation projects identified by January 15, 2010.

Mr. LeBlanc said he will be in the region on Friday, November 6, 2009 for further discussion.

Chris Fidler, Lobbyist, Anthem, reported that former Secretary of State Ralph Munro has recently joined the firm but unable to attend the meeting because of his annual trip overseas to inoculate children.

The state is facing an additional \$1.25 billion deficit. The flooding events of last year during this time period are important and could entail a supplemental budget request for supporting some projects. He urged the City to take steps

to submit a supplemental budget request. The 2010 legislative session is a short session with early bill cutoffs. He urged the Council and staff to visit Olympia with him during the first week of session.

Last year's legislative meetings went very well and staff was effective in conveying the City's message. He offered to meet with staff from the Association of Washington Cities (AWC) on the issue of lodging tax flexibility.

Mr. Fidler reported on a bill offered two sessions ago on park maintenance in right-of-way that didn't pass out of Rules. The issue should be easy to advance without resistance and would entail discussing it with the Leader and the Speaker on the House side to ensure it passes out of Rules. He suggested contacting Washington Parks and Recreation to see if it has any interest in supporting legislation.

The Washington State Department of Transportation (WSDOT) is seeking data on tonnage classifications and identification of freight generators. The City will have to determine where it falls in that priority of issues.

City Manager Worthington said the street utility proposal is one way to address it. However, it's unlikely it will pass out of the session. The bill for the street utility proposal is included in the Council packet.

Mr. Fidler suggested the possibility of the City focusing on legislation for the 2011 session, which is a longer session. Mayor Pro Tem Brooks said if there is a message that cities and counties should be sending to the Legislature, it's to give municipalities the tools to take care of its jurisdiction. One option is raising the gas tax

Councilmember Hull downplayed the importance of park maintenance equipment in the right-of-way and concerns about the message it sends to legislators if that's the City's major concern. Mr. Fidler advised that it wouldn't likely be recognized as a City of Fife priority but an issue that needs to be addressed statewide.

Mayor Johnson commented on a legislator following Fife's door tax proposal as a way to raise revenues for road maintenance along truck routes. .

Mayor Pro Tem Brooks said the City's priority should be on flooding issues. He encouraged the Council to become involved. Work needs to begin now to address any potential legislation during a short session.

3rd Quarter Financial Report

Director Marcotte presented a third quarter financial update. Sales tax is tracking closely to the forecast. The last two months reflects a slight increase in receipts and the mitigation payment is also larger. Auto sales are exempt from mitigation sales, which reflect that some business activity is

experiencing an increase in sales. The City is on track with its lower revised target of sales tax revenue of \$5.2 million.

In other revenue trends, there appears to be some improvement. Public Safety is tracking above expectations. Lodging tax was lagging but has increased somewhat to meet the forecast and should be close to meeting the budget forecast. Some improvement is noted for the Growth Management Fund as well but not substantial. The increases are indicators of a slightly improving trend in activities, which is consistent with the state's forecast. All utility accounts are performing as expected.

Councilmember Cerqui asked about the account for gambling tax. Director Marcotte said there are several funds. Pull tabs are under the General Fund. Gambling tax on table games is allocated to the Recreation and Pedestrian Capital Improvement Fund and is used for debt service on 2001 bonds. The revenue source is very stable at \$130,000 annually.

Mayor Pro Tem Brooks asked about the time period for the "cash for clunkers" program. Director Marcotte said the program began in late July through August.

Police Officer Funding Options

Director Marcotte referred the Council to additional information distributed previously. Staff explored funding options for police officer positions. The General Fund is unrestricted with all other funds having some restrictions attached.

Within the General Fund, there is limited funding capacity. Some practical options include the Public Safety Fund and the Stadium and Convention Center Fund (lodging tax). The current ordinance for the Public Safety Fund requires an amendment if the Council elected to use those funds. The lodging tax option is an indirect option and can't be used directly. However, there are costs assumed by the General Fund that could be eligible for lodging tax funding. If that change occurred, it would free up dollars in the General Fund to fund positions.

Director Marcotte referred to a pie chart reflecting how the General Fund funded police positions from 2005 to date.

City Manager Worthington said the pie chart reveals how funding for the Police Department in relationship to other departments has been consistent with other departments or the last decade.

Police Chief Blackburn referred to the department's organizational chart, a graph showing 1999-2009 population vs. business, a graph of 1999-2009 commissioned positions filled vs. population per officer including the Chief, and property and violent crimes per 1,000 population.

City Manager Worthington reported the addition of one police officer will cost the City approximately \$100,000. Currently, in the Red Light Photo Enforcement budget for 2010, \$108,000 is assigned for police costs. He explained that the two officers in that budget are under expensed with only one officer's cost assigned. The program requires approximately 1.5 officer positions. The issue is whether that allocation will be sufficient in 2010.

Mayor Pro Tem Brooks questioned the number of positions the department is actually lacking. Police Chief Blackburn verified that the department is down by two officers. Mayor Pro Tem Brooks asked how much the City lacks in funds if the department's staffing is restored. City Manager Worthington reported one officer assigned to the Red Light Photo Enforcement Program is in the budget of \$108,000, which is in the Public Safety Fund. Mayor Pro Tem Brooks reported the Council previously discussed a situation where a limited commissioned officer administers the program with commissioned officers returned to patrol duties. City Manager Worthington said an additional \$108,000 would need to be added to the General Fund to transfer the Red Light Photo Program officers back to the street.

Mayor Pro Tem Brooks asked the Council for input on using limited commissioned officers for the program. Police Chief Blackburn said the City of Lakewood uses limited commissioned officers. Councilmember Roscoe asked whether they have the expertise to administer the program. Police Chief Blackburn said the officers have the necessary skill sets.

The Council agreed that assigning limited commissioned officers to the Red Light Photo Enforcement Program is appropriate as well as returning the commissioned officers to patrol duties.

Mayor Pro Tem Brooks asked the Council to consider how many officers to add, and if so, consider the mechanism for funding the positions.

Councilmember Godwin suggested adding two officers with funding from lodging tax.

Mayor Pro Tem Brooks described how funding from lodging tax supporting General Fund expenses could be transferred to the General Fund and used to fund officer positions.

Councilmember Hull said he's concerned about the message that using lodging tax funds might send. City Manager Worthington advised that the City's hoteliers are concerned about the security of their hotels and guests. Councilmember Hull agreed with Councilmember Godwin's suggestion. Mayor Johnson agreed with using some of the pool funds and transferring some of the pool's cost to lodging tax to fund one extra position because of funding sustainability of the position.

City Manager Worthington said the General Fund subsidizes the pool at \$480,000.

Councilmember Cerqui agreed with adding two positions and suggested using General Fund monies and backfilling with lodging tax. He advocated for full police staffing.

Councilmember Roscoe commented on the impossibility of maintaining a balance across all City departments. She asked if the proposed budget includes the same level of property tax as in 2009. Director Marcotte said the proposed budget includes new construction and a 1% increase reflecting approximately \$60,000 more than in 2009. A one percent increase is approximately \$25,000 with the remaining from new construction and the annexation. Councilmember Roscoe supported adding two officers and using lodging tax funds.

Mayor Pro Tem Brooks shared similar concerns especially in making the decision before reviewing the entire budget. All departments are experiencing cuts. He said he supports the hiring of one officer and cited the analogy of the Council trying to find a way to protect citizens but having no problem subsidizing a pool that loses \$480,000 a year with 20% of the users Fife residents. It appears the majority of the Council wants to move ahead with a full level of public safety service.

Mayor Johnson commented that it appears staff will need to determine the source of \$308,000. City Manager Worthington said it likely would entail shifting that amount from the lodging tax fund to the General Fund to free up General Funds monies for the police department.

Mayor Pro Tem Brooks said it appears the full amount of administering the Red Light Photo Enforcement Program is not appropriately captured. City Manager Worthington responded that it depends on the level of detail the Council wants to document for oversight of the program. The amount allocated to the program was developed prior to the substantial increase in infractions. At this point, direct costs are assigned. The City could identify some overhead factor. Mayor Pro Tem Brooks suggested there should be some reasonable amount of overhead charged to the program.

The Council agreed and asked staff to provide information on the true and reasonable amount that should be charged.

Councilmember Hull commented on the officer positions vs. population and that the ratio of officers to population should be determined based on the safety factor citizens believe exists within the City. He asked what the Council should expect in terms of the service level if positions are restored. Police Chief Blackburn advised that the Council establishes the level of service. He described previous levels of service and how crime statistics

affect service levels. The City should experience better coverage and better response time.

Councilmember Godwin commented on poor police response of surrounding communities and that the City needs a police force that can respond to the needs of citizens regardless of what the statistics may convey.

The Council shared comments on their perspective of public safety service provided within the City.

Police Chief Blackburn shared information on budget issues facing the Thurston County Sheriff's Office.

City Manager Worthington reported staff will revise the budget based on the direction provided by the Council. Additionally, staff will prepare an alternative resolution in the event the Council elects not to approve a 1% increase in property tax collections.

Mayor Johnson suggested exploring the swimming pool and hotel partnering program to provide hotel guests access to the pool.

**REVIEW OF
UPCOMING COUNCIL
AGENDAS**

Mayor Pro Tem Brooks mentioned scheduling a presentation from Puget Sound Regional Council (PSRC) on Vision 2040 at some point.

City Manager Worthington reported the next opportunity is the December study session, which at this point doesn't include any agenda topics. Often the Council cancels its last meeting of the month. Mayor Pro Tem Brooks suggested scheduling PSRC's presentation in January.

**CITY MANAGER
REPORT**

City Manager Worthington referred to a legislative bulletin from AWC and the release of survey results on the "State of the Cities."

With the departure of Councilmember Roscoe, a position on the Zoo/Trek Authority will open. He invited the Council to submit a nomination.

City Manager Worthington reviewed upcoming regional AWC meetings.

The Fife Chamber of Commerce Candidates' Forum is scheduled October 28, 2009 at 5:45 p.m.

ADJOURNMENT

With there being no further business, Mayor Pro Tem Brooks adjourned the meeting at 10:00 p.m.



Butch Brooks, Mayor Pro Tem



Steve Marcotte, City Clerk/Finance Director

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