FIFE CITY COUNCIL
STUDY SESSION
MINUTES

Fife City Hall
Council Chambers

Date: April 21 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 65 minutes.

ADJOURNMENT

Mayor Pro Tem Brooks adjourned the executive session at 7:06 p.m.

CALL TO ORDER AND ROLL CALL

Mayor Pro Tem Brooks called the study session of the Fife City Council to order at 7:11 p.m. with the following Councilmembers present: Richard Godwin, Butch Brooks, Barry Johnson, Rob Cerqui, Nancy de Booy, and Kim Roscoe.

Excused absence: Councilmember Glenn Hull.

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

PLEDGE OF ALLEGIANCE

Councilmember de Booy led the pledge of allegiance.

CHANGES, ADDITIONS, OR DELETIONS TO THE AGENDA

A discussion on 2009 spending cuts was added to the agenda.

STUDY SESSION

Economic Forecast Summary

Director Marcotte reviewed the state's Economic and Revenue Forecast Council March update of the November 2008 report. Some of the information more relevant to Fife includes how this economic downturn is different then previous recessions. Last week, an article described the elements of the current situation as a "panic." Director Marcotte said that term hasn't been used in his career spanning nearly 34 years. The issue is what's different about this situation then other economic cycles of contraction and expansion. If it is accurate that there is a panic and it does trigger a recession, one of the first questions to ask is whether the panic is over. Each time the state updates the forecast, it's weaker. This last forecast is even weaker. One of the previous forecasts was that the state would be impacted less and recover sooner. That is no longer true. One of the other pieces that is called out states, "In the face of an economy in free fall, it is easy to miss the early signs of a recovery."

Washington's economy doesn't necessarily mirror the national economy.

Forecast Council and doesn't believe the Council's November forecast was accurate. The forecast is much too optimistic. Since the forecast was published there were indications housing had bottomed out. However, April reflected the worst housing month in the history of the U.S. During a recent meeting, Congressman Adam Smith indicated he's not optimistic about the recovery of banks and believes that most people do not realize the amount of hidden and toxic assets that will be revealed nationally. The U.S. is just beginning to see a second round of issues. Business journals are writing about false positives that occur at the bottom of a recession. Although, there are some signs of improvement, many people are not spending when projections reflect 10% unemployment for the next 18 months.

Director Marcotte said as the economy begins to recover, some of the consumer demands fueling peaks in recent years will not occur because of the adverse impacts to individuals. This recession is a generational event that will play out. It's not a question of when recovery will occur, but how far and in what way. There was a discussion about what used to be well held truths, which may no longer be valid. Previously, it was believed high-end auto sales were relatively recession-proof. That is no longer true. The Forecast Council relies on economic modeling driven by past mathematical correlations between something and some ultimate outcome, which under the current environment is creating less reliable results

1st Quarter Report

Director Marcotte provided an update on the 2009 first quarter financial report for the City. Cash and investments as of March 31, 2009, include $18,223,456 in the State Treasurer's Local Government Investment Pool (LGIP). The interest rate has dropped from 5.5% to 1.03%. The City has an additional $7,161,250 invested in Federal Home Loan Bank bonds with interest rates varying between 2.8% and 3.5% and maturities ranging from June 2009 through December 2010.

General Fund revenues continue to underperform. For the first of the year, very little property tax has been collected, which is normal. The City anticipates property tax to follow the same peaks and payment patterns. There has been an increase in the level of delinquency.

Councilmember Godwin left the meeting.

Sales tax revenue is tracking well below budget expectations. Monthly collection for the first three months of the year have averaged approximately $357,00 per month plus a quarterly sales tax mitigation payment of $137,000. Sales tax for January, February, and March reflect business activity occurring in November, December, and January. There are also other contributing factors, such as weather that had an impact. Projecting the first three months through 2009, the City will experience $1.6 million below the budget projection.

If sales tax doesn't improve, there is no other revenue source that could fill the gap for the City. Another factor for the drop in sales tax can be attributed to streamlined sales tax, where some sales tax has been diverted.

At this point, there is no trend in permit revenue as only $14,000 has been received to date for building permits. That reflects only 5% of the budgeted revenue of $300,000. Although likely to improve, it will not attain the budgeted amount of $300,000.

Director Marcotte reported the City's Photo Red Light Enforcement Program is outperforming its revenue projections. Revenue received for April totals $135,000. City Manager Worthington responded to questions about the monthly trend in revenue and noted there is a 60 to 90-day lag from when the ticket is issued to when the City receives the revenue.

Director Marcotte reported Lodging Tax has remained strong. Historically, collections generally increase towards the latter half of the year. The projected budget is $665,128, which has been attained in the last several years.

Real Estate Excise Tax (REET) is included in the Growth Management Fund and only used for capital projects. The revenue doesn't have a seasonal collection pattern, but current year-to-date receipts show a low collection pattern well below projections.

Director Marcotte reviewed Water, Sewer Service, and Strom Drainage revenue collections. The utilities performed above projections in 2008 and are anticipated to achieve projections in 2009.

Director Marcotte reported the City has not received any payments from the Puyallup Indian Tribe.

The City collected over $97,000 in non-parking traffic enforcement revenue, which is slightly lower than projected. However, it is anticipated revenue will increase during the summer months.

General Fund expenditures are tracking well below budget expectations with $3,261,967 in expenditures through the end of the first quarter.

The Fund Balance in the General Fund currently includes $3,673,532 in Reserved Fund Balance consisting of the Tribal Reserve, 17% City Reserve, and Criminal Justice Reserve, as well as $199,815 in Unreserved Fund Balance. Uncharged cost allocations for the Engineering Division in 2008 and 2009 within the utilities account will increase the Unreserved Fund Balance by $594,000. Currently, it's listed as an expense in the General Fund.

Mayor Johnson asked whether utility funds continue to increase over time to ensure adequate funding for replacement of infrastructure. Director Marcotte said there are fund balances in the utility accounts as well as the utility construction fund.

Councilmember Cerqui asked whether the assessed value of property has remained consistent. Director Marcotte advised that some individuals protest their valuations. For properties that are not inspected for any given year, assessed value is adjusted by market indicators. There could be decreased assessed valuation or a decrease in growth of assessed valuation, which is currently being experienced by most jurisdictions in the lack of new construction and in the value of existing properties. He said he's unaware if that will impact the property tax levy. If the assessed value goes down, then the property tax rate has to increase to collect the same amount in funds.

Mayor Pro Tem Brooks commented that if the trend continues, the City will have a sales tax shortfall of $1.6 million, $200,000 for permits, and approximately $300,000 in REET representing up to $2.5 million in a budget shortfall. Director Marcotte advised that REET revenue is not included in the General Fund. Mayor Pro Tem Brooks said the revenue shortfall would then be $1.8 million. Under expenditures, the City is projecting a $1.2 million reduction. Director Marcotte cautioned that the estimation is a simplistic view as it could vary dependent upon a number of factors, such as interfund transfers. The projection may be somewhat high. The $594,000 for Engineering has not been included in the projected expenditure reduction of $1.2 million. Director Marcotte said the projection is based on the first three months of expenditures multiplied for the year. Mayor Pro Tem asked staff to provide additional information on actual expenditures to date. It appears the City has a $1 million shortfall.

City Manager Worthington verified the $1.2 million in reduced expenditures includes the unfilled positions totaling approximately $400,000.

Mayor Pro Tem Brooks said he would like to know the actual number of the projected shortfall. City Manager Worthington advised that staff has different levels of comfort on what the actual number is. Staff will work on identifying what the number will be.

Mayor Pro Tem Brooks asked about the designation of Growth Management Funds and projected ending fund balance. City Manager Worthington advised that the funds are designated for park or trails development. The funds were transferred from Tribal Reserve funds. Director Marcotte said the fund balance is approximately $1.2 million. The City typically expends the fund balance and not the anticipated revenue for the year.

January 2009 Flooding Events – Flooding

City Manager Worthington reported approximately 48 hours after the January storm event, City staff participated in a debriefing involving directors,

Preparedness

managers, supervisors, and staff who were directly involved in the event. The facilitated discussion led to the identification of a list of actions. The debriefing categories included:

- Communications
- Sandbags
- Volunteers
- Shelter
- General

City Manager Worthington referred to several e-mail communications from a City employee and a resident.

Communications during an event is always an issue. During the storm, the City's website was visited over 4,000 times during the initial 24-hour period, which is the typical number the City receives in a week. Residents used the website and it was an effective vehicle for the City. It was also the first time the City integrated the webmaster to work with the public information officer to update information continually. The event was also longer than the City had anticipated. The challenge during long-term events is scheduling resources and making decisions on strategies to provide adequate coverage. Bilingual notification was provided, and for the first time, the City used autodialed landlines through the county. Autodialing was deployed four times during the course of the event. The downside for autodialing is the non-exclusion of voice over internet phones or cell phones. Both were factors in providing information to citizens. The City is looking for another vehicle, such as utility bills to add citizens to a notification list that the City can use to release information readily.

For the first time, a public line was opened to the Emergency Operations Center (EOC). Publicizing the number would be helpful in reducing the number of occurrences staff had to advise citizens of the phone number.

The City could also include sandbag information for citizens within the community, as well as planning some public sandbagging locations.

Providing laptop computers at the shelter would be helpful in people finding out the status of the situation rather than relying on the phone.

Providing information on the evacuation route and process would be helpful. Although the evacuation route is already designated, City Hall initially didn't have maps to provide to the public.

Another idea is implementing an option for a mass email group, such as all City employees.

The emergency radio station worked reasonably well, but there were some announcements that were delayed between the time of the request and the actual broadcast of several hours.

The City doesn't own variable message displays. The City leased some from a company. There is recognition that the City should purchase some displays for accessibility and to reduce costs.

Although the City previously drilled with the school district in the EOC, the school district didn't participate during the event. Coordination could have been improved if school district officials were present in the EOC and coordinating with City officials. Police Chief Blackburn advised that the City contacted the school district, which elected not to participate.

City Manager Worthington said another need is for City directors to have emergency contact for their employees as well as contact information of all personnel in the EOC. The other issue is ensuring City Hall is briefed and updated on the event to ensure accurate information is conveyed to citizens. Police Chief Blackburn added that during the event, the City's IT Department was available to the EOC, which assisted in setting up operations quickly.

City Manager Worthington reported sandbagging was a major activity for the City, especially in protecting Pump Station #12, and for residents. The City examined the location of the sandbagging site, possible enlargement of the site, increasing the quantity of bags, and purchasing a sandbagger machine.

Mayor Pro Tem Brooks asked about the next steps to ensure lessons learned are incorporated into drills and plans. City Manager Worthington said some of those efforts involve reviewing the list of issues. Currently, the City is updating its Emergency Management Plan by the end of the year. Police Chief Blackburn said the plan establishes policies and guidelines. Most of the follow-on requires finetuning and adjusting existing procedures to ensure the recommendations are implemented during tabletop exercises. The plan will also include specific notations in terms of improvements in response to disaster events.

City Manager Worthington said another issue concerns shelter during events. The City has used the Community Center as a shelter over the years. However, during this event, there was the likelihood of flooding occurring at the Community Center. The City reevaluated the shelter as well as other entities involved in providing shelter during emergency events, such as the Red Cross, Pierce County Emergency Management, and Fife School District administration. Surprise Lake Middle School could be used as a shelter area for the City as well as other communities. If the Council is interested in pursuing that option, staff will contact the other communities to ascertain interest in coordinating a shared shelter site.

Mayor Pro Tem Brooks said that within the valley there is the potential for three natural disasters involving floods, earthquake, and Mt. Rainier. In those instances, a high ground area for shelters is necessary. Along with funding issues and the potential for more flooding and other disasters, it may be time to meet with the other jurisdictions to discuss options for jointly sponsoring shelters.

Councilmember Cerqui said some cities are using cell phone text messaging to alert citizens of potential dangers. He suggested the City should consider exploring similar options for Fife. City Manager Worthington affirmed it would be a good option. He said he discussed a similar option with staff of having people who register for a recreation program visit the City's website, or when they pay their utility bill having the opportunity to add their contact information to the City's emergency list.

Acting Director Durham said staff discussed options for the questionnaire and including information on individuals who may be disadvantaged, on medical treatment or have medical conditions, bilingual, or other special information to assist the City in notifications.

Police Chief Blackburn reported the Police Department has a crime web system for notification. Staff looked at the application and subscriber information. Approximately 20% of the e-mail subscribers live outside the City. One of the main lessons learned after an event, is what not to do. Emergency events involve preparedness of response, recovery, and mitigation. Recovery and mitigation needs to be accomplished before an event. If mitigation is successful, preparedness and response will be much easier.

Councilmember Roscoe cautioned against sending the message that the City will automatically send an aid unit to all disabled individuals. The City shouldn't collect such information unless the City is clear on what the City will provide and is ready to provide the service. Police Chief Blackburn shared that for citizens who are receiving kidney dialysis or who use oxygen, vendors serving those individuals notify the City in case of a power outage. The units typically have a 90-minute power backup. Notification assists the City in the event there is an emergency to provide a generator or other evacuation assistance. During the last event, the City identified a specific church to assist the City with patients with special needs.

Councilmember Roscoe asked about the status of the empty emergency trailer during the event. City Manager Worthington said the trailer was empty because the Red Cross removed the supplies and didn't inform the City or the City of Orting. City staff discussed the issue with the Red Cross.

City Manager Worthington reported staff will continue working on follow-up actions and will contact the cities of Edgewood and Milton and share

information for scheduling a joint meeting to discuss community shelter options. Staff will continue to work through the other issues with staff providing an annual update.

2010 BUDGET PLANNING WORKSHOP

Overview of Police Department

Police Chief Blackburn provided an overview of the Police Department. The Police Department is comprised of several divisions and responsibilities:

- Patrol Operations
- Gambling
- Traffic
- Communications – Dispatch Center & Corrections
- Crime Prevention
- Emergency Management
- Investigations
- Community Policing
- Detention Services
- Criminal Justice
- DARE
- Drug Intervention.

The City's Reserve Officer is also a Tribal Gaming Officer with the Washington State Gambling Commission, which is a resource for the department. The department monitors pull-tabs and also performs audits of gambling records.

Another activity involving the department is public disclosure and fulfilling public disclosure requests, which is beginning to be a time-consuming activity.

Police Chief Blackburn reviewed an organizational chart of the department and described some position responsibilities.

Mayor Pro Tem Brooks commented on the growth in population over the last six years and the current organizational level of the department, which is similar to staffing five years ago. Police Chief Blackburn reviewed some of the newer positions added to the department over the last several years. The number of positions however, are similar to the number of positions the department had five years ago. The difference is in some organizational changes and addition of supervisory positions and assigned traffic positions.

Police Chief Blackburn reviewed a corrected version of a budget spreadsheet reflecting the approved 2008 budget, actual 2008 budget, and approved 2009

budget. Labor contracts within Patrol Operations do not reflect a 4.5% increase in 2009. The department has been working to diverse costs within the different divisions. Investigations labor was moved to Patrol Operations.

Police Chief Blackburn reviewed differences in budgets by category between 2008 and 2009. The department is going to include wages within Emergency Management, as the department must demonstrate under the Emergency Management Performance grant what's included in Emergency Management. The department made some cuts in 2008 by reducing expenses based on needs rather than wants. The Criminal Justice account has increased. The fund is separate and some of the general fund money was moved into the Criminal Justice account, which has specific rules and restrictions. A major portion of Drug Intervention account revenue is comprised of seizure assets as well as restitution from the drug court.

Mayor Johnson questioned the reason for adding wages from Investigations to Patrol Operations leaving the 2009 budget for Investigations at only $33,300.00, which is not reflective of the actual expenses incurred by the division. There are several officers/detectives within Investigations while there is only $33,000 budgeted. Police Chief Blackburn advised that the wages have been added to Patrol Operations. City Manager Worthington suggested reviewing the total budget for the department and comparing the 2008 actual to the 2009 budget, to obtain an idea on the overall costs associated with the department. Within the Investigations Divisions, a shift occurred on how the costs are assigned that likely wasn't the best choice at that time. The Investigations Division from this point forward will increase its budget to include wages and benefits by moving those costs from Patrol Operations. Currently, the Investigations budget includes all expenses except wages and benefits.

Mayor Pro Tem Brooks asked when the 4.5% labor increase is effective. Police Chief Blackburn said the increase was effective January 1, 2009. The current labor contract expires on December 31, 2009.

Police Chief Blackburn reported Analyst DeGroot spent time with department staff on the detention fund and options for increasing revenue. During fourth quarter 2008, the department implemented some accounting changes by removing all general account subsidies for detention. The amount reflected in the budget reflects only revenue that is received by the department without any subsidies from the general account and without Fife's charges for its prisoners. Currently, the division has received an additional $100,000 for first quarter 2009. The state's Department of Corrections (DOC) booked 10 inmates into the Detention Center for the weekend. The department is working with DOC on how to reimburse the City. The department did not include charges within the first quarter for resident inmates the City books because the department only began including the amounts in fourth quarter 2008, which would have reflected false revenue. City Manager Worthington

said the division is achieving $120,000 in savings that will be carried by local jurisdictions that utilize the Detention Center. Mayor Johnson noted south King County and Federal Way also send prisoners. Those jurisdictions are involved in a coalition to build a jail in 2012/2013. Chief Blackburn said the Lakewood contract will surpass any losses to the City. The department is selling its jail capacity to increase occupancy rates.

Dispatch revenue remains steady. Although the contracts increased by an annual escalator percentage, there are peaks and valleys, which are associated with the billing cycle. The last half of 2008 included a standardized billing, reflecting a steady level of revenue. Mayor Pro Tem Brooks commented on the possibility of the department receiving a potential new client.

Police Chief Blackburn reviewed Criminal Justice revenue, which has restricted uses.

Crime Prevention revenue is based on the City's crime prevention ordinance for a $150 crime prevention assessment, which funds Community Policing and some department events.

Police Chief Blackburn reviewed revenue versus expenses for the Redflex account in 2008 and 2009. When cameras are first installed at an intersection, the first three months are higher because as behavior changes, offenses begin to decline over time.

Councilmember Cerqui said he's concerned about the response on property crimes. He asked about the status of service demand and whether it's possible for the department to respond to property crimes under $5,000. Police Chief Blackburn said the department no longer responds to motor vehicle accidents unless there's an injury, it's a hit and run, or it impacts the roadway. The department's overtime costs continue to run high, which is contributed to several factors. The same amount of work still exists for the department regardless of the staffing level resulting in less people doing more work as well as the City experiencing some severe crime waves utilizing police resources. Radiance drug activity consumed six weeks of four staff members' time. A high percentage of officers elect to use flextime instead of overtime. However, at some point, there is a burnout point. The goal is to fine tune within existing resources.

Mayor Johnson referred to a newspaper article, which indicates the crime level was down. Police Chief Blackburn said based on Fife's population and the City's transient and hotel/motel population, Puyallup exceeded the City's crime rate by three-quarters of a crime per thousand population. Overall, the City's violet crimes have increased. Stolen cars continue to decrease because many of the incidents occur at the Emerald Queen, which the Tribe now handles. Pierce County crimes are down as well as Tacoma's crimes.

Councilmember de Booy commented on information she recently reviewed about Tribal Police operating within the City. She asked about the status and whether they are authorized to police within the City. Police Chief Blackburn informed the Council that Tribal Police are authorized to police within the City. The 1988 agreement requires the City to commission Tribal Police Officers as well as the Tribe commissioning Fife Police Officers. Senator Carroll was very instrumental in passing the state law requiring the commission of Tribal officers. The RCW states that the Sheriff of Pierce County shall commission Puyallup Tribal Police Officers and Stevens County shall commission the Colville Tribal Police, if they meet state standards. One of the issues is that for many years, none of the Tribal officers met the state standards. That has since changed. Tribal police now make traffic stops in the City, generally in the area of the casino.

Councilmember de Booy commented that it might cause some apprehension and some friction with residents. Police Chief Blackburn acknowledged that there are some concerns as many residents do not know the law and often ignore Tribal Police when they activate their lights. Many residents just drive home and into their garage. Councilmember de Booy asked how long the change has been in effect. Police Chief Blackburn said it's been some time. City Attorney Combs said the City didn't automatically commission Tribal police because they weren't qualified. Tribal Police now attend the state's police academy. Tribal police in essence supplement the City's police force and citizens will need to become used to the fact that Tribal Police are qualified police officers that just happen to work for the Tribe. Conversely, if the issue involved Washington State Patrol, residents wouldn't react. Tribal officers are authorized to pull motorists over by state law.

The Council advocated for the Tribe communicating information to residents about the presence and authorities of Tribal officers Police Chief Blackburn said previously during a meeting with Tribal police supervisors, there was some commitment to assist in education and disseminating information to the public. However, some citizens will never stop for a Tribal officer. It's more of a generational issue. There is also the issue of police imposters that the public is concerned about as well as the difference in patrol cars. Mayor Johnson suggested it might be beneficial for the City to help educate citizens on the issue by inviting the Tribal Police Chief to participate in outreach efforts.

Councilmember Cerqui asked whether Tribal officers are familiar with Fife's Municipal Code. Police Chief Blackburn confirmed the Tribe is in possession of the City's code as well as other information. Most of the code is mirrored in some form within the RCW. Tribal officers are good at calling and indicating they are responding to a call. Tribal police and Fife Police Officers work jointly at the casino when responding to an incident.

2009 SPENDING CUTS

City Manager Worthington reported the Council and staff are united in the

belief that the future is somewhat bleak. Based on the revenue perspective, there are two significant underperforming areas – sales tax and permit revenues. Projections for sales tax revenue reflect a shortfall of approximately $1.6 million. He acknowledged that there will be discussions and debates on the level of the shortfall and whether it's larger or smaller. At this time however, that amount is $1.6 million, which is significant, as the City has already taken steps to reduce expenses and revenue.

The shortfall in permit revenue is estimated to be $300,000 bringing the total shortfall to $1.9 million.

Director Marcotte advised that by transferring engineer costs from the Utility Fund to the General Fund, revenue will be increased by $350,000, which constitutes an interfund transfer.

City Manager Worthington reported the projected savings for open positions is estimated to be $400,000. Some expenses will not be incurred in the General Fund from the Corrections Division totaling $120,000 of 2009 transfers that would have occurred but are not occurring because of an offsetting contract. Other savings have been implemented involving process changes. Those include elimination of a grounds maintenance contract with Blue Sky, changing maintenance services for some vehicles, and other cost savings within the City relating to operational functions of approximately $80,000. Blue Sky continues to work on freeway maintenance. All City grounds maintenance is now internalized saving approximately $23,000 to $25,000 annually. In terms of cost savings, the City can achieve $600,000 at this point.

Director Marcotte said the difference in revenue shortfall factoring the reductions is $950,000.

Mayor Pro Tem Brooks asked about the timeline associated with the practice of transferring a portion of engineering salaries and benefits from the General Fund to the Utility Fund. Director Marcotte said the Engineering Division was created in 2008, but prior to 2008; the same positions were allocated to utilities based on a timecard allocation over the last decade. Director Blount said the 2009 transfer is a new action. Director Marcotte said there is a change in a methodology rather than practice of allocating a partial amount of salaries and benefits to utilities. Prior to 2008, the General Fund was partially charged for the salaries with most of the amount charged to the various utility accounts for several staff members.

Mayor Johnson questioned how the City is contending with the anticipated revenue loss in REET. Director Marcotte said he reviewed allocations for REET revenue, which reflected no allocation to projects of the projected REET revenue for 2009. The amount allocated was the REED fund balance. City Manager Worthington said at one point, REET revenue was going to be

used to fund the pool HVAC improvements, but the Council shifted the expense to Lodging Tax. He said he believes the shortfall of REET revenue will not impact operational costs or the City's capital program.

Director Marcotte responded to questions about the percentage of the shortfall with respect to the total budget in the General Fund. Budgeted expenses are approximately $14 million with a shortfall projected of $950,000. He noted the information provided to the Council for the reserve funds beginning in 2009 does not include additional Tribal contributions to be received in 2009. The budget shows that amount to increase the reserve accounts.

City Manager Worthington said currently, the best information available to the Council is a $950,000 shortfall between estimated expenses and estimated revenue for the year. Some of that shortfall could be filled with some funds from the reserve, which includes some Tribal funds or not filling the gap with the City Manager determining $950,000 in budget cuts. A $950,000 cut in the budget would equal one City department.

Mayor Pro Tem Brooks added that the budget also doesn't include the typical transfer of $500,000 to the Street Fund from the General Fund. Councilmember Cerqui indicated he believes those funds were transferred from the Utility Fund. City Manager Worthington clarified that the transfer was from sales tax amounting to approximately 10%.

Mayor Pro Tem Brooks said if he believed the budget shortfall would be a one-time event, he would advocate for absorbing the shortfall. However, the economic forecast from the state indicates a best-case scenario of the recession ending at the end of the year with some improvement occurring after that. He said he could support absorbing half of the shortfall with some optimism that the situation will improve. He advocated for reductions to account for the remaining half of the shortfall.

Mayor Johnson agreed especially in light of the expected recovery of auto sales, which is not projected to begin improving until 2011. The City shouldn't use Tribal funds for two years to backfill shortfalls. If the City has a problem, Council and staff need to address those issues now.

Councilmember Cerqui asked about the long-term prognosis for the shortfall. City Manager Worthington said he anticipates is issue to continue through 2009 and 2010. He reminded the Council that the City has already made cuts by not filling eight to ten positions amounting to $400,000. Significant cuts would result in the reduction of staff. If the Council provides funding for $500,000, he'll work on ways to reduce the remaining $450,000 shortfall, likely through program reductions.

Mayor Johnson questioned the timing of the last installation payment from the Tribe for pool improvements. Director Marcotte said he anticipates receiving

the payment sometime later in the year. It is the last payment from the Tribe for the pool improvements.

Director Marcotte reported the City's reserve currently totals $2.3 million. The bond rating would not be affected if the Council elected to utilize $500,000. The City's policy for its reserve is an excellent policy as most cities struggle to attain a reserve. For Fife, that goal has been achieved. The bond rating might be affected if the reserve level was 5%.

Mayor Johnson noted that each of the funds generally account for some level of reserve. He questioned how close the projections are from prior years. Director Marcotte reported for the 2008 budget, the City reduced the budget by $1 million, which reflects a limited reserve cushion. There isn't much reserve to consider.

Mayor Johnson requested staff provide revised figures for all unfilled positions and is willing to consider funds from the Tribe for the pool and some of the reserve funds. Director Marcotte said Tribal funds are already factored within the budget.

Councilmember de Booy agreed it would be helpful to receive updated budget information on the unfilled positions. She complimented the City Manager for his budgeting efforts to fill the shortfall.

Mayor Brooks suggested with the Council's concurrence for the City Manager to develop a list of proposed ideas for reducing the shortfall by $500,000, provide an update on the City's reserve accounts for the Council's consideration for utilizing $500,000 from the reserve. City Manager Worthington affirmed that his goal is to present the information at the Council's next study session on May 19, 2009.

REVIEW OF UPCOMING COUNCIL AGENDAS

The Council agreed to cancel its May 12, 2009 meeting because of travel to Washington, D.C. and establish the May study session meeting date during the Council's April 28, 2009 meeting.

ADJOURNMENT

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