

**CITY OF FIRCREST
SPECIAL CITY COUNCIL MEETING MINUTES**

**MONDAY, MAY 18, 2009
6:00 P.M.**

**COUNCIL CHAMBERS
FIRCREST CITY HALL, 115 RAMSDALL STREET**

CALL TO ORDER, PLEDGE OF ALLEGIANCE AND ROLL CALL

Mayor Kathy L. McVay called the special meeting to order at 6:00 P.M. and led the Pledge of Allegiance. Councilmembers Matthew Jolibois, Chris Gruver, Robert Thaden and David M. Viafore were present. Councilmember Mike Weinman and Hans Hechtman were absent.

Business Licenses – Rentals

City Attorney Smith stated he met with staff and discussed business licenses, specifically requiring them for rental properties in the City of Fircrest. He explained that would be an unusual application of business licenses, more common would be requiring a business license for commercial apartment complexes. Staff discussion identified the small number rental units and how difficult they are to regulate both by federal and state law. Also discussed were the pros and cons of enforcement and the limited gains that could be made based on existing laws. There had been staff consensus the City should not try to regulate rentals with a business license and Smith advised not applying a business licenses to the typical small residential rental house or duplex.

McVay clarified Council had passed the ordinance relating to business licenses without language relating to rentals but that issue could be brought back if there was interest. Smith confirmed the business license ordinance had been adopted and could be amended in the future.

Equipment Rental & Replacement

Finance Director Corcoran stated Council packets included a spreadsheet identifying contributions made to the Equipment Rental and Replacement Fund (ERR) for each piece of departmental capital equipment. She explained funds were set aside in ERR for the future replacement purchase of capital equipment and that repairs to capital equipment were also funded in ERR. Those expenditures are funded by departmental inter-fund transfers. Corcoran distributed a second spreadsheet that included information on replacement costs, the year each replacement is anticipated and accumulated interest. During the October 2008 budget discussions it was determined replacement contributions for 2009 would be funded by accumulated interest in General Fund.

Discussion included:

- Inquiry about funding contributions with so much accumulated interest in ERR
- Use of accumulated interest to fund contributions would require Council approval
- Contributions still in ERR for surplused equipment could be used to fund contributions
- Interest revenue funds overhead costs in ERR

Viafore stated during 2010 Budget discussions he would bring forward options for funding ERR contributions and review capital equipment in ERR. McVay requested staff do a thorough review of ERR prior to 2010 Budget discussions.

Budget Discussion

Corcoran stated the agenda report included a first quarter financial review and projections for the remainder of 2009.

Corcoran reviewed agenda report information:

- Analysis includes Beginning Fund Balances, Revenues, Expenditures, Capital cost, Transfers Out and Ending Fund Balances
- If the year ended March 31, 2009 the General Fund Ending Fund Balance would have decreased \$574,494 (Undesignated Fund Balance <\$223,763>, Designated Light Fund <\$20,104> and 44th and Alameda <\$330,627> for the purchase of Electron Way property)
- As Ending Fund Balances decrease, interest revenue decreases
- General Fund Revenue was at 16.97% but should be at 25% (Does not include property taxes)
- City Assistance funding is coming in lower than projected
- The 2009 projected deficit was approximately \$178,682, without capital
- Revenues do not come in evenly over the year
- Current interest rates are low and Interest Income was projected to be less than budgeted in 2009
- Two large Certificates of Deposits with higher interest rates matured in the first quarter
- Review of General Fund expenditures are 26% of budgeted
- Expenditures, which include salaries, occur more evenly throughout the year
- Property and EMS tax rates were increased
- 2009 budgeted revenues increased but budgeted expenditures also increased
- Review of 5 Year Strategic Plan assumptions
- Review of projected 2009 General Fund Revenues and Expenditures and projections through 2014 based on the assumptions
- Review of graphs depicting Undesignated Ending Fund Balance General Fund, Designated Ending Fund Balance Light Fund Sale, Estimated Investment Income through 2014
- Tables with data on transfers from Light Fund Sale, estimated investment income and Local Government Investment Pool rates

Discussion included:

- 2009 first quarter property taxes are higher than 2008
- Request to review gambling taxes and penalties
- Inquiry about Water and Sewer Utility tax for April
- Identifying figures through April were not complete
- Expenditures do not occur evenly over the year
- Property tax revenues usually come in during May and November
- Suggestion not to anticipate Emerson/Orchard retail development in the near future
- Clarification Sewer Utility Tax should not decrease between 2009 and 2010
- Potential for increased sales tax from large municipal projects
- Concern about funding the potential \$180,000 deficit
- Concern about potential unanticipated expenses for fire hydrants
- Consideration of voluntary furloughs and review of all expenditures and staffing levels
- Request for monthly revenue and expenditure reports with actual 2009 figures
- Request for financial plan from City Manager

- Request that discussion of the 2009 Budget be placed on study session agendas
- Suggestion to get input from employees regarding reduction of expenditures
- Suggestion to cut all nonessential travel and training, memberships and subscriptions
- Level of service may have to be reviewed
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McVay requested discussion of the 2009 Budget be put on monthly study session agendas.

Relocation of Backyard Sewer Mains Project

Project Financing

Interim Public Works Director Larkin stated the City originally planned to apply for a \$10,000,000 Public Works Trust Fund (PWTF) Construction Loan for the Relocation of Backyard Sewer Mains Project in May 2009. The State Legislature has eliminated funding for PWTF loans for the 2009-2010 biennium but if they provide funding for loans in the 2011-2012 Fircrest would submit an application in May 2010. Affected property owners were sent a letter informing them the project would be delayed two years.

Larkin explained the State Legislature did provide \$9.5 million dollars for work in High Density Urban Areas but no specific details are available regarding criteria for that funding. The application process is expected to occur in July or August 2009 and staff would submit an application if the Relocation of Backyard Sewer Mains Project was eligible. Staff has heard Senator Patty Murray was still working on obtaining funding for the project.

Design Status

Larkin stated preliminary design reports were submitted by the consultants and final reports will be presented at the June study session. Of the \$1,180,000 allocated to the design effort, \$404,000 remains from the consultant agreements and about \$60,000 remains from the original agreements for a total of \$464,000 to continue with the design process. Larkin stated the most critical areas of the project are north of Regents Boulevard and on Alameda Avenue. The estimated cost of completing the design work for these areas is \$640,000. It would also be desirable to perform pipe relining in some areas south of Regents Boulevard with a design cost of \$80,000. The total design cost for these two elements is \$720,000. The additional funding could come from Real Estate Excise Tax (REET), Ending Fund Balance in Sewer Fund or an increase in rates.

Larkin explained that “readiness to proceed” with construction was a significant element of any grant or loan process and it would be desirable to have the project design as far along as possible prior to submitting any application. Staff was recommending the consultant agreements be amended to include the final design for the work north of Regents Boulevard, on Alameda Avenue and the proposed pipe relining work.

Discussion included:

- Suggestion to discuss with State lobbyist conflicting reports about PWTF funding being a priority in the next biennium
- Support to use REET funding for design costs for the critical areas
- Inquiry about property owner funding their turn-arounds

- Suggestion bonding might be considered to fund turn-arounds
- Consideration was being given to constructing a “dry line” sewer on Alameda between Regents and Berkeley

Project Financing (Continued)

Larkin stated elimination of the PWTF loan program also created a problem for proposed sewer rate increases. Rate increases anticipated to meet the local match and debt service requirements were based on rolling the 5-year preconstruction loan into the proposed 20-year construction loan. A \$6.00 per month rate increase this year would be necessary to meet the debt service requirements of the 5-year loan and to complete the design of the project. Another \$4.00 per month rate increase would be required in mid-2010 if the project were selected to receive a PWTF construction loan in 2011. These rate increases do not address \$3.0 million dollars in other sewer replacement needs that are not related to the Relocation of Backyard Sewer Mains Project. A public hearing to receive comments on a sewer rate increase was scheduled for June 9, 2009. Larkin suggested considering an \$8.00 increase to provide funding for the debt service and to develop capital for other sewer improvements.

Larkin reported when surveying was started early in the project staff determined control points were needed to tie the City’s survey monument system to the State Plane Coordinate System. This is something the City’s contracted GIS consultant, James Coyle, has also requested in the past. The work is above the survey scope of work and cost \$8,600. Funding will require use of \$5,000 in contingency funding and an additional \$3,600. An amendment will be brought forward increase the maximum compensation amount for Hammond, Collier and Wade-Livingstone agreement. Larking noted \$8,000 was budgeted in 2009 for GIS upgrades.

Discussion included:

- Inquiry if the schedule for PWTF preconstruction loan repayments would be reviewed due to the number of municipalities that anticipated rolling those loans over into long term construction loans
- Identifying PWTF Board members were appointed and were mostly elected officials
- Request for a list prioritizing all anticipated sewer projects at June study session
- The rate increase would probably come forward at the June 23, 2009 meeting
- Additional rate increases would be required for debt service of any 2011 construction loan
- Suggestion that if PWTF loan was not available in 2011 that bond funding could be considered for high priority areas rather than delaying the project any longer
- Suggestion to send a letter to Fircrest State Legislators regarding PWTF funding
- Inquiry if GIS work can be added to a sewer consulting agreement
- Clarification that in addition to the Relocation of Backyard Sewer Mains Project there are \$3.0 million dollars in additional sewer improvements identified

Proposed 2010-2015 Six Year Transportation Improvement Program (TIP)

Larkin stated the Revised Code of Washington (RCW) requires each city to annually update its Six Year TIP. The program was necessary to obtain State and Federal funding for transportation improvements and for projects to be eligible for funding they must appear in the current TIP. The TIP adoption process requires a public hearing which is scheduled for the June 9, 2009 Council meeting.

Larkin explained four projects in the TIP may be eligible for federal funding: 1) Columbia Street from 67th Avenue to Summit Avenue, 2) Orchard Street from Stanford Street to Princeton Street, 3) Emerson Street from 67th Avenue to Alameda Avenue, and 4) Alameda Avenue from Greenway Avenue to South 19th Street. A portion of the Alameda Avenue project would be funded by the Relocation of Backyard Sewer Mains Project and would include construction of a new sewer in Alameda Avenue from south of Regents Avenue to Electron Way. Staff has identified a number of streets where it would be desirable, to grind and overlay the one-half of the street not affected by the sewer construction. In this draft of the TIP \$840,000 was allocated for that work. Because of the delay in funding for the Relocation of Backyard Sewer Mains Project those projects were rescheduled for one year.

Larkin reviewed the significant changes to the 2010-2015 TIP:

- Grind and overlay of Regents Boulevard rescheduled from 2010 to 2013 and will not compete well for federal grant funding. Costs would have to be paid by the City.
- Emerson Street was moved up to 2010 due to the deteriorated condition and is a possibility for federal grant funding.
- Orchard Street project has been moved up to 2010 may qualify for federal grant funding.
- Grind and overlay and curb and gutter construction associated with the proposed sewer replacement project has been delayed one year.
- Alameda Avenue is to be done in conjunction with the sewer replacement project and was delayed one year to 2011.

Larkin stated the TIP was a planning document and there were always more needs than funds available. The draft TIP was an attempt to integrate the needs and available revenues to produce a realistic program for the maintenance of the street system. Leveraging funding with grant funding was important, especially with the decrease in funding available for maintenance and improvements. If all the TIP projects were constructed and grant funds were obtained, the total cost to Fircrest would be \$1,844,300. That does not include \$136,000 from the Sewer Fund for work in Alameda Avenue. Adding \$60,000 per year for street light maintenance the capital commitment from the General Fund would be \$2,204,300. If funds came from either REET or the Designated Light Fund that fund would be depleted. If all projects were completed contributions would be required from both REET and Designated Light Funds. Larkin explained it was unlikely the City will receive Federal grants for the four major projects within the next six years. Consideration would have to be given to alternate methods, probably chip sealing, to maintain the street surfaces. Adoption of the TIP does not commit the City to completing all the projects but significantly changing the adopted TIP requires an amendment process and public hearing.

Discussion included:

- Regents/Orchard intersection was scheduled for 2014
- Regents between Alameda and Golden Gate would not qualify for Federal funding when compared with the four other projects that might be eligible

Fircrest Swimming Pool Options and Funding

Recreation Director Grover stated the agenda report included photographs of a variety of slides, play and sports equipment and mounted climbing walls for the pool. All of the items could be installed at a public pool. Placing a slide at the deep end of the pool could provide an "attraction" and encourage kids to pass the swim test so they can use the slide in the deep end but having the deep end of the pool open

might appeal to swimmers by allowing surface diving. Grover explained options include installing a slide immediately or waiting a season to do additional research and survey pool users for their opinions.

Discussion included:

- Inquiry about slide warranty information, installation costs and the time required for installation
- Identifying some slides would require life guards at the top and bottom of the equipment
- Fircrest has insurance coverage for the pool
- Bids would be required and the time frame for that would make it unrealistic for a slide to be installed this year
- Inquiry if a short diving board could be installed and response that the Washington Administrative Code (WAC) does not appear to allow any diving board at the Fircrest pool
- Revenue may decrease without a diving board or other attraction
- Concern about costs for a large, complex slide requiring water
- Suggestion to do additional research on the size, cost, supplying water and the space required for a slide system
- Inquiry about a jumping platform
- Suggestion to consider options at the August study session

At 8:04 P.M. Viafore was excused from the meeting.

ADJOURNMENT

Moved by Thaden, Seconded by McVay, to adjourn the meeting at 8:06 P.M. Ayes: Jolibois, Gruver, Thaden and McVay, Weinman and Hechtman. Noes: None. Excused: Viafore. Absent: Weinman and Hechtman. Motion Carried.