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REGULAR GARIBALDI CITY COUNCIL MEETING

Monday, June 21, 2010

Council Chambers, 7:00 P.M.

7:00 P.M. -- PUBLIC HEARING -- FISCAL YEAR 2010-2011 BUDGET

Mayor Suzanne McCarthy convened the public hearing for the Fiscal Year 2010-2011 City budget at 7:00 pm. Present were Council President Terry Kandle, Council members Jerry Bartolomucci, Betty Thomas, City Administrator John O'Leary, Public Works Director Wayne Schultz, Fire Chief Jay Marugg (*arrived late*), City Attorney Joan Kelsey, Joe Happ of NW Media Consultants, Joe Wrabek representing the Headlight Herald and Eugene Tish, proprietor of the Garibaldi House Inn and Suites.

The Mayor stated that this hearing is to hear comments on the FY 2010-2011 budget as approved by the Garibaldi Budget Committee on May 3, 2010. The Mayor asked O'Leary to comment on recommended changes to the budget since that meeting, and to be incorporated into the budget that the Council will consider tonight. O'Leary noted the following changes to the Committee:

1. As a result in additional revenues through the grant that Jay Marugg received for the Fire Department, O'Leary has increased the TRT match for this grant from \$1,500 to \$1,750. This is reflected in the General Fund Transfers In and the TRT Transfers Out. O'Leary also noted the adjusted expenditure line item in the Fire Department budget.
2. All the expenses for the current year have been updated and the Council will see most beginning fund balance at or above the projected numbers identified in May.
3. All the interest projections for next year are lower. O'Leary noted that banking interest rates appear static and there is no reason to expect changes in the coming year.
4. The Travel and Training line item in the Administrative fund was increased by \$2,500 to fund the goal setting process that the Council will be working through this summer. The other \$5,000 is for other training and travel associated with Administrative and Council priorities.
5. Various adjustments to Personnel Cost and Shared Expenses throughout the budget. These adjustments are not increases or decreases in the expense itself. These are balanced adjustments between the General, Street, Wastewater and Water funds caused by changes in projected revenue and beginning fund balances.

6. The State Road tax revenue line item was decreased by \$2,000 based on more current projections for next year.
7. Increases in the Street fund associated to facilitate possible grants next Fiscal Year. O'Leary noted that these were offset by increased expenditure line items in the Street Fund budget
8. Changes in the Wastewater Debt Service Department to correct loan figures. O'Leary noted that this has slightly decreased the total debt service from the amount the Budget Committee approved.

O'Leary asked if there were any questions regarding these changes, or any other questions about the budget as presented. Mayor McCarthy asked if there were any comments from the public, and recognized Eugene Tish. Mr. Tish explained that he was the new owner of the Garibaldi House Inn and Suites. Tish noted his concern with the City raising the water and sewer rates in response to increasing expenses and decreasing revenues. Tish pointed out the unsustainable economic relationship between raising rates and retaining commercial and industrial businesses within the system. Tish asked the Council to consider that rate increases to maintain fiscal reserves in the current economy would be more detrimental to the City and the community in the long term.

7:11 P.M. – PUBLIC HEARING - PROPOSED USES OF STATE REVENUE SHARING

Mayor McCarthy called to order the public hearing for the proposed use of State Revenue Sharing funds. O'Leary noted that these funds are typically used for Fire Department operations and would recommend that they be used for this next year. Hearing no other comments on this the Mayor closed the public hearing at 7:12 p.m.

I. CALL TO ORDER

Mayor Suzanne McCarthy called to order the regular City Council meeting at 7:12 p.m.

II. CONSENT CALENDAR

Mayor McCarthy noted that she would be removing items F and G from the consent calendar. Attorney Kelsey asked if the Council would also remove item H. McCarthy asked if any council member would like to add or remove any other item from the consent calendar. Hearing no other deletions the Mayor asked for a vote.

- A. Approval of May 17, 2010 Regular Council Meeting Minutes
- B. Acknowledgement of May Financial Documents and Payment of Bills
- C. Approval of a Res. Establishing Policies for TRT Advertising Reimbursement
- D. Approval of a Res. Continuing to Charge Franchise Fees to the City's Utilities and Transferring Funds from the Water, Wastewater, Street and General Fund to the Payroll Liabilities Fund for FY 2010-2011
- E. Approval of a Res. Making Budgeted Transfers to the Payroll Liabilities Fund, the Public Works Equipment Reserve Fund and the Public Safety Equipment Reserve Fund for FY 2009-2010
- F. ~~Approval of a Res. Increasing Water Rates~~

- ~~G. Approval of a Res. Increasing Wastewater Rates~~
- ~~H. Approval of a Res. Adjusting the City's Fees for Services~~
- I. Approval of a Res. Extending Workers' Comp Coverage to Volunteers
- J. Approval of a Res. Declaring the City's Election to Receive State Revenues
- K. Approval of a Res. Authorizing the City to Pursue a Small Cities Allotment Grant funded through ODOT
- L. Proclamation that the Saturday of Memorial Day Weekend is the City of Garibaldi's Blessing of the Fleet Day
- M. Approval of a Res. Requesting a Coastal Zone Management Grant for FY 2010-2011
- N. Approval of a Res. Establishing Fees for Staff, Contract Employee and Volunteer Hourly Rates

MOTION made by Cn. Kandle to approve the consent calendar as amended. Seconded by Cn. Bartolomucci. AYES: McCarthy, Kandle, Bartolomucci, Thomas. None opposed. MOTION PASSED.

III. PUBLIC COMMENT

[None]

IV. CORRESPONDENCE

- A. Roby Lane, Weyerhaeuser Maintenance Supervisor
- B. M. T. Saindon, US Coast Guard BMCM, Officer in Charge
- C. Bob Dempster, Meals for Seniors
- D. Kevin Greenwood, Port of Garibaldi

The Mayor noted correspondence regarding the street lighting ordinance and commented that these would be addressed at the workshop tomorrow night.

V. COMMUNITY REPORTS

VI. OLD BUSINESS

- A. *Resolutions to increase water and sewer rates:* Mayor McCarthy recognized Cn. Bartolomucci, who commented that he had talked with numerous citizens that were strongly opposed to the City increasing water and sewer rates under the current economic conditions. Cn. Bartolomucci also noted that many citizens feel that the City is penalizing the residents for the decrease in commercial water use. Cn. Bartolomucci related citizen comments that the City should consider reducing expenses, and possibly consider reducing staff. Cn. Bartolomucci explained that this issue has overshadowed all other issues and that many citizens are aggravated with this proposed increase. Cn. Thomas confirmed with O'Leary that the City did not raise water rates last year for this same reason. Cn. Kandle asked O'Leary if past decisions to not raise rates had lead to sharper increases in rates over the last five years, and that the City had nearly closed the fiscal gap caused by that practice. O'Leary stated that generally that was correct, and noted staff's efforts to reduce spending over the last two years and stabilize Water and Wastewater fund balances. Cn. Kandle asked O'Leary if consistent rate increases were necessary if these fund balances were stable. O'Leary explained that if the City experienced

further decreases in revenues the City would either need to raise rates or decrease expenses. Cn. Bartolomucci verified with O'Leary that the City had no influence on the amount that had to be paid to PERS. Cn. Kandle asked O'Leary to explain the specific need for the existing reserves. O'Leary explained that reserves were necessary for normal operations because of peaks and declines in revenue streams, and that declining reserve balances were becoming critical in FY 2005-2006. Mayor McCarthy asked O'Leary how much the proposed increase would equate to in the water fund. O'Leary said that the increase in the water fund would total about \$10,000. Mayor McCarthy asked Schultz about scheduled capital improvements for next year. Schultz noted that he had scheduled only the projects that his staff would be able to address next year. Schultz also commented that not increasing rates to fund the necessary capital improvements in small steps would eventually lead to the need for major and more costly improvements. Schultz and O'Leary both noted that deferring maintenance would ultimately place the City in a position where it would need to make major expenditures to bring the water and/or the wastewater systems back into functional condition, and this would lead to substantial rates increases as opposed to what the Council is considering tonight. The Council asked about grant opportunities, and staff explained that grants were only available if the system were to reach a significant state of disrepair. The Mayor asked O'Leary if the system improvement fee that the Council created in the last five years could be diverted into operations to offset the increase. O'Leary said that this is possible; however, he would not recommend reducing this fee to avoid increasing rates used for operations. Cn. Thomas suggested that continuing to increase rates may effectively "price the City out of business" by driving commercial businesses away. Cn. Thomas also expressed her concern for failing to fund infrastructure replacement in the long term. Mayor McCarthy noted that she has received many comments from people that are opposed to this increase based on the current economic conditions and the effect this will have on them personally. Mayor McCarthy asked O'Leary what the consequence of offsetting the rate increase with a decrease in the system improvement fee currently dedicated to the replacement of City reservoirs would be if implemented for one year. O'Leary said that the result would be to delay the replacement of the existing reservoirs for an additional year - possibly more. Attorney Kelsey reiterated staff's comments that postponing rate increases today would lead to higher and more dramatic increases in the future. Cn. Kandle commented that this was a difficult decision based on the information and recommendation provided by staff and the obvious and pertinent concerns presented by the public. The Council and staff discussed this further, and O'Leary recommended that the Council defer this decision until July. O'Leary asked if he could prepare a staff report that would outline the affect of the Mayor's suggestion, as well as provide a long term forecast of both systems in relationship to current and required funding levels. The Council directed O'Leary to prepare this report and have draft resolutions to implement

the Mayor's solution as well as the rate increase recommended by staff ready for consideration at the July Council meeting.

- B. *Resolution to increase fees for City services:* Attorney Kelsey explained that she had the Council pull this item because there were noticing requirements for increasing these fees. The Mayor directed O'Leary to notice this in the Headlight Herald and schedule a public hearing for this item in July.

VI. NEW BUSINESS

- A. *Approval of a Res. Adopting the FY 2010-2011 City Budget as Approved by the Budget Committee with Recommended Changes From the Budget Officer, Making Appropriations, Categorizing and Levying Taxes:* The Mayor noted that the City had just held the public hearing on this matter and asked for comments or a motion. **MOTION made by Terry Kandle to approve a resolution adopting the fiscal year 2010-11 budget, making appropriations, levying and categorizing taxes. Seconded by Jerry Bartolomucci. AYES: McCarthy, Kandle, Bartolomucci, Thomas. None opposed. MOTION PASSED.**
- B. *Review of the proposed changes to the City of Garibaldi Charter:* Kelsey reported to the Council that this resolution would approve changes to the City's charter and referring those changes to the voters. Kelsey discussed the proposed changes with the Council and explained how the creation of this position will affect the City's day to day operations. **MOTION made by Terry Kandle to approve a resolution submitting to the voters the question of amending the City charter to include the position of City Manager. Seconded by Jerry Bartolomucci. AYES: McCarthy, Kandle, Bartolomucci, Thomas. None opposed. MOTION PASSED.**
- C. *Board Member Election – Economic Development Council of Tillamook County:* The Council discussed the ballot and a **MOTION was made by Jerry Bartolomucci to have the City of Garibaldi vote for Michele Bradley and Douglas Olson for Executive Board Member positions of the Economic Development Council of Tillamook County. Seconded by Terry Kandle. AYES: McCarthy, Kandle, Bartolomucci, Thomas. None opposed. MOTION PASSED.**

STAFF REPORTS

Legal: Attorney Kelsey noted that she was working on an ordinance addressing the sale of water outside the City.

Fire: Chief Marugg reported on his progress on an application for a seismic rehabilitation grant for the Fire Department. Marugg also noted training and discussed recent department activity.

Police: O'Leary noted some temporary changes in Deputy Pippenger's schedule.

Public Works: Public Works Director Schultz reported on paving and other departmental issues.

Planning: No report.

Admin: O'Leary noted his written report.

VII. COUNCIL REPORTS

Cn. Kandle noted that he and his wife would be giving a presentation on community preparedness for disasters at the Garibaldi Museum on Saturday, June 26. Cn. Thomas noted a recent report that indicated Garibaldi had the most vulnerable economy on the pacific cost to changes in fishery conditions. O'Leary asked Cn. Thomas to forward that report to him and he could distribute it to the rest of the Council. Mayor McCarthy reported on the EDCTC dinner that she and the Administrator attended.

VIII. ADJOURNMENT

Mayor McCarthy adjourned the meeting at 8:18 p.m.

Hon. Suzanne McCarthy, Mayor

ATTEST:

John O'Leary, City Administrator