

City of Selah
Council Minutes
November 6, 2014

Special Meeting
Selah Civic Center
216 South First Street
Selah, WA 98942

A. Call to Order Mayor Gawlik called the meeting to order at 6:30pm.

B. Roll Call

Members Present: Paul Overby; John Tierney; Dave Smeback; Allen Schmid ; Roy Sample;
Jane Williams

Members Excused: Brooke Finch

Staff Present: David Kelly, City Administrator; Gary Hanna, Fire Chief; Rick Hayes,
Police Chief; Eric Steen, Deputy Police Chief; Dale Novobielski,
Clerk/Treasurer; Andrew Potter, Assistant to the City Administrator;
Monica Lake, Executive Assistant

C. Pledge of Allegiance

Mayor Gawlik led the Pledge of Allegiance.

D. Public Hearings

1. Utility Tax Increase

Mayor Gawlik stated that the purpose of the night's meeting was to discuss the proposed utility tax increase. He requested that all comments, questions, and statements be held to the topic on the agenda.

City Administrator Kelly explained the unique relationship between the City and the Fire District, outlining the percentages paid by each entity into the joint budget for the Fire Department. He reiterated the information from the previous meeting regarding the City's inability to meet the demands of the Fire Department and the Police Department in their current budget for vehicle and equipment replacement, as well as two positions for the Police Department.

Council Member Sample requested that he explain the origination of the utility tax currently in place.

City Administrator Kelly briefly reviewed the history of the Marudo property purchase and the lack of a revenue stream identified to make payments on the loan, and why the utility tax was raised two years ago to provide a revenue source for repayment of the loan.

Mayor Gawlik noted that in years past the utility tax wasn't listed as a separate line item on the billings, although there was a utility tax in place prior to the increase two years ago. He stated that, while he doesn't like paying more taxes either, to provide the services required by law for safety and comfort the City operates these through revenues gained from taxes. He said that our community has grown in population and complexity, and to continue to provide service to its citizens the City needs to continue to move up their technology and operational standards to meet those needs.

City Administrator Kelly remarked that he worked with Clerk/Treasurer Novobielski on the matter two years ago, and they learned that not disclosing the utility tax up front caused the City to pay a tax to the State on the entire bill, including the utility tax the City collected. He added that several thousand dollars has been saved because of the separation and disclosure of the utility tax on the billings.

Council Member Williams inquired about the total dollar amount that the increase will generate.

City Administrator Kelly replied that it would be approximately three hundred fifty thousand dollars.

Council Member Williams asked how much would be allotted to each department.

City Administrator Kelly responded that two hundred thousand would go to the Fire Department and one hundred fifty thousand to the Police Department.

Mayor Gawlik remarked that the City has an outstanding working relationship with the Fire District Commissioners, and when the matter was discussed with them they agreed to step up to the plate and also increase the amount of money they contribute to the joint Fire Department budget.

City Administrator Kelly added that the Fire Commissioners will increase their contribution by three hundred thousand if the City increases theirs by two hundred thousand, for a total of five hundred thousand annually going into the Fire Department reserves.

Mayor Gawlik noted that the Fire District will not raise their rates if the City increases utility taxes.

Mayor Gawlik opened the meeting.

Anna Harris approached the podium and addressed the Council. She said that a lot of this trouble traces back to the property purchase and bond payments, and wondered if the Council has looked at a refinance of the debt, with the savings potentially going to the Fire Department and Police Department. She asked if there is an end in sight for the Marudo loan utility tax increase.

Mayor Gawlik replied in the affirmative regarding the refinance, saying that City Administrator Kelly has been speaking with the current lender about refinancing at a lower interest rate, which will potentially save the City an additional twenty-seven thousand dollars annually.

City Administrator Kelly commented that he has talked with the City's bond counsel recently about refinancing, and that the City will refinance the loan on December first. He stated that they just received the City's bond rating, which is AA-, and that this rating will save the City approximately two hundred twenty-eight thousand dollars over the next eight years in interest. He noted that the Council did vote to have the Marudo loan utility tax be in effect for a total of ten years.

Ms. Harris inquired if this tax will be similar to the one put in effect two years ago.

City Administrator Kelly David responded that this increase will not go away, as the City needs the revenue maintain apparatus and operating budgets for both departments.

Ms. Harris wondered how the expenses for both departments were covered in the past.

City Administrator Kelly replied that, in the past, the City was able to increase property taxes to compensate, and when the current laws were voted in they had to use reserves to cover expenses. He commented that the City is now at a point where they have to decide whether to reduce services and lay off staff or increase taxes to cover their budgetary needs.

Ms. Harris asked if this tax increase would cover services for the foreseeable future, or if the City would also have to increase property taxes.

City Administrator Kelly remarked that utility rates usually increase at a rate of three percent annually, which would also increase the utility taxes. He said that, when they looked a ten year projection, this increase would put the City in a good position for twelve to fifteen years before they'd need to look at the matter again.

Katie Fontaine approached the podium and addressed the Council. She said that she has concerns about another increase as Council has already raised rates due to bad decisions made in the past. She noted that the cost of living is going up, and wondered if every other possible option had been examined and discussed. She inquired as to why the City couldn't negotiate with the Fire District for an eighty/ twenty split instead of the current sixty/ forty split.

City Administrator Kelly explained that the Fire District has revenue from their constituents within the Fire District who don't reside within the City, and that using their money to help citizens within the City limits would be taxation without representation. He added that the Fire District and the City looked at call volume and assessed valuation to come up with the sixty/ forty split.

Mayor Gawlik commented that the Fire Commissioners have stated that they will increase their participation when the City increases their contribution.

Ms. Fontaine asked if this would be on an indefinite basis or for one year.

City Administrator Kelly responded that the Fire Commissioners have been wanting the City to increase their budget for years, and that they've stepped forward to purchase equipment in the past when the City couldn't.

Ms. Fontaine wondered if sixty percent of the calls are still taking place outside City limits.

City Administrator Kelly replied that this has been more of a gentlemen's agreement, as there is an agreement put together that is very clear regarding the use of population, assessed valuation and call volume to determine the percentage for who pays what.

Katie inquired as to whether the eight point five percent increase would be on top of the four point two percent increase from 2012, assuming one had a current bill of one hundred dollars monthly.

City Administrator Kelly responded that it would result in an increase of seven dollars more on a one hundred dollar monthly bill.

Ms. Fontaine asked how this would affect those designated as low income.

Mayor Gawlik replied that those who currently qualify for the low income rate will remain qualified for that.

City Administrator Kelly remarked that there will be a proposal presented at the next Council Meeting to have the increase not affect those on the low income senior and disabled program.

Ms. Fontaine inquired about possible fundraising efforts in the community to support the Fire Department, or if it needs to be a steady stream of money coming in.

City Administrator Kelly commented that the Fire Department had two point eight million dollars' worth of vehicles and equipment, and the Police Department has approximately one million dollars' worth, and that to replace these items on a consistent basis requires a steady stream of cash.

Ms. Fontaine wondered if the only options were a utility tax increase or putting out a vote for a property tax increase.

City Administrator Kelly responded that they could also reduce services, cut services, or do some variation in between.

Ms. Fontaine stated that in the past it was put to a vote of the people.

City Administrator Kelly, said that, as he explained before, the Council discussed whether to do a vote, and ultimately decided that they were elected by the citizens to make these decisions.

Bill Teaford approached the podium and addressed the Council. He said that the allotted ten thousand dollars annually for vehicle maintenance equates to approximately four hundred thirty-four dollars per vehicle, which isn't very much. He felt that the City is getting the most they can out of their equipment, and that if the equipment is neglected it would endanger both the personnel using it and the public.

City Administrator Kelly noted that the Police Department vehicles will be replaced every eight years, the brush trucks every twenty years, and the main fire engines every twenty-five years.

Mr. Teaford expressed his approval of preventative maintenance, adding that if the departments aren't given the tools needed they can't provide the services needed.

Seeing no one else rise to speak, Mayor Gawlik closed the hearing.

Council Member Sample remarked that part of the concerns expressed tonight dealt with having two increases within a few years of each other, and that several Council Members wanted to have an increase that would avoid the need to increase the utility tax by two percent every couple years. He added that this will be sufficient to maintain both departments, and that, while they could present a vote on property tax increases, they would need to start cutting services if it didn't pass. He spoke favorably in regards to the increase to keep both the services and departments functioning by doing the proposed utility tax increase.

E. Adjournment

Council Member Sample moved, and Council Member Overby seconded, that the meeting be adjourned. By voice vote, approval was unanimous.

The meeting adjourned at 7:33pm.



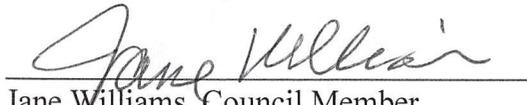
Paul Overby, Council Member

EXCUSED

Dave Smeback, Council Member

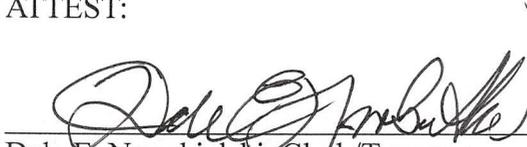


Brooke Finch, Council Member



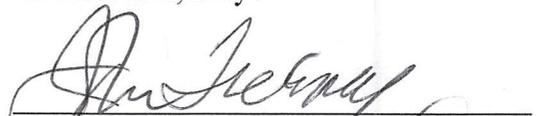
Jane Williams, Council Member

ATTEST:



Dale E. Novobielski, Clerk/Treasurer

John Gawlik, Mayor



John Tierney, Council Member



Allen Schmid, Council Member



Roy Sample, Council Member