

CALL TO ORDER:

Mayor Pro Tem Tim Wilson called the workshop to order at 7:00 p.m.

Present: Councilmembers Kenneth Caylor, Dan Dever, Kenneth Johnson, Mark Snyder, Marc Spohr, and Tim Wilson

Also Present: Department Heads: Mike Bailey, Police Chief Steve Dunnagan, Debbie Kudrna, Jay Van Ness, and City Administrator Ehman Sheldon

Absent Was: Mayor Shannon McKay and Councilmember Eleanor Brodahl

THIRD QUARTER REPORT FROM ADAMS COUNTY FIRE DISTRICT 5

Adams County Fire Chief Gary Lebacken provided the third quarter report from the Fire District.

LIBRARY ISSUES

Councilmember Spohr advised he is the chairman of the Library Committee. He reviewed the history of the community library services and the creation of the Adams County Rural Library District #1 (Library District). He explained that the City entered into a direct contract with the Mid Columbia Library District (MCL) to provide library services in 1995. The City owns the building and has a lease agreement with the Library District. The Library District does not pay MCL directly; the contract with MCL is with the City. Mid Columbia Library provides library services; staffing, supplies, communications, IT support, and delivery of services. The Library District is a taxing board and the volunteer board members are responsible to oversee the taxes collected for the library; pay all of the bills; and they desire to see that the best value is provided to our citizens. A city library committee was formed to facilitate an understanding between MCL and the Library District, and to support the Library District's contracting directly with MCL. The library committee met with each entity separately. From those meetings, he believes the Library District Board has a vested interest in the library and feels responsible for the library operation. From the meeting with MCL, they were told that they run libraries; have their own policies and procedures; and since they contract with the City that is who they answer to. The library committee opened up a correspondence avenue between MCL and the Library District. All parties have agreed that it is legal for MCL to directly contract library services with the Library District. However, if it was advantageous or economically beneficial, the City would be willing to continue contracting with MCL. Mid Columbia Library introduced a substantial cost increase relative to the contract terms. Councilmember Spohr then reviewed the total library costs incurred by the Library District, approximately \$267,675 for 2008. The Library District budget figures are forwarded to the County Assessor to be used to determine the levy rate for the Library District; currently \$0.315 per thousand. Under the current contract formula the MCL rate is \$221,720. MCL has determined that they are undercharging the City by only charging per the City valuation; unlike how they are charging other library branches the District valuation times the levy rate. Based upon that information, the potential cost increase for one year of library services with MCL is \$367,723, a 66% increase. The latest proposal from MCL is an annual fee increased to \$461,917, a 108% increase. The current contract fee is locked in at the 1.2 multiplier for 2008 and 2009.

Councilmember Spohr researched what it would cost to operate the library including salaries, benefits, communications, and utilities (no contract fee) estimated at \$207,509. If we contract with MCL in 2010 the total cost, including the incidental costs to run the library and the contract fee, is estimated at \$504,595. The Adams County Assessor has advised the max rate the library district can levy is .445 per \$1,000. If we enter into a contract with the MCL for 2010, someone may have to subsidize the costs of \$97,000. The levy cannot be raised high enough to cover the MCL cost. Councilmember Spohr advised that he is receptive to an increase, but not in this magnitude and he cannot justify paying \$297,000 in overhead for our local library.

Councilmember Spohr reviewed options regarding the library services:

- City to continue to contract with MCL and negotiate a rate.
- The Library District continues to contract with the City, keeping the terms the same and change the multiplier.
- The City discontinues library services with MCL effective January 1, 2010.

- The Library District contracts with another library service or with MCL.

Councilmember Spohr advised that if we were to discontinue the contract with MCL, the computers, books, and other resources owned by MCL would be removed from the building. He recommended that the City advise MCL that we will not continue the contract and the Library District or the City renegotiate a more reasonable rate with MCL or contract with another library service. However, pending no resolution to the cost issues, he is fully prepared to manage a library. He advised that due to the contract terms, a decision would have to be made by the City Council, by the end of December whether they will continue or terminate the contract.

Bonnie Valdez, advised that the majority of the furniture and shelving also belongs to MCL. Adams County Assessor Dave Anderson explained that he thinks the Library District could match or closely meet MCL's expectations. Mr. Anderson explained that the Library District has been taking a lesser levy amount, they have an allowable highest lawful levy, and more of a levy rate then they can actually take. They can ask for the full levy amount if approved by the Library District board. If they ask for the full levy amount it does not impact another taxing district's funding. Councilmember Spohr noted that the extra contract rate would not include new services and MCL has reported there may be a reduction to their hours of operation. Mr. Anderson advised that the library levy rate could increase from 0.325 to 0.445 cents per thousand. Kyle Cox, Administrative Services Director of MCL, advised that they are committed to providing quality library services. They are concerned that the tax payers in Benton and Franklin County are paying a higher rate. There is a concern of tax subsidy for the services in Othello. They hope that the City and Library District will work with them to continue library services.

Lennie Tenney, Chair of the Library Board, stated that their meeting is scheduled for this Thursday, November 6th at 5:15 p.m. at the library and she encouraged anyone interested in library services to attend. Councilmember Johnson asked if there are any other library services available and what their charges are. Mr. Sheldon advised that it is being researched and it will be presented to the library committee. Mr. Anderson explained that the levy taxes will be collected and distributed to the taxing districts up to the \$5.90 limit.

PRELIMINARY BUDGET DISCUSSIONS – GENERAL FUND

Finance Officer Mike Bailey reviewed the 2009 general administration fund expenditure requests. He noted that the 2009 preliminary budget revenues exceed expenditures by \$36,941 (not including capital projects). Mr. Sheldon advised that salaries reflect an across the board 5% CPI. Mr. Bailey explained that computer expenditures have been moved to the Information Systems budget. He reviewed the capital requests in the general fund. The \$50,000 for computer software upgrade was transferred in 2008 from the utility fund. Councilmember Spohr recommended that we allocate an additional \$50,000 from the utility tax fund. Mr. Bailey reviewed the Police Department budget. Mr. Sheldon advised that we have ten LEOFF 1 retired employees. The City is responsible for all of their medical expenses and we have procured supplemental insurance for nine of those retirees. Code Enforcement has been moved into the police budget. They reviewed the request for two new staff vehicles. Mr. Bailey reviewed the Fire Department budget and noted that the contract with Adams County Fire District includes a 3.2% CPI. He then reviewed the Park and Recreation budget. Mr. Van Ness explained that they are implementing a fertilizing schedule and believe that they will be able to reduce the amount of water applied in city parks. Mr. Bailey reviewed capital requests for the park and recreation fund and advised that some of the items can be funded through the real estate excise tax fund and may fit the requirements for funding from the utility tax fund. There was a discussion regarding the purchase of a new service truck to replace the 1992 truck in Public Works. Mr. Bailey advised that the review committee had asked the request be removed. The cost is shared by four funds. Mr. Van Ness advised they are implementing a 10 year service truck rotation schedule. Council's consensus was to allocate the funding for the new truck. He advised that the City will apply for IAC grants for ball field lighting and reconstruction of four tennis courts. Mr. Van Ness reviewed their suggestion to expand the cooking facilities in the concession stand and improvements to the pool area. He then reviewed the Planning Department budget. Mr. Sheldon advised that he has been asked to research costs

for a part time Planner and requested \$20,000 to cover that expense. He stated that Adams County is drafting an Interlocal agreement regarding providing this service. They reviewed the Library budget, which includes \$6500 for an air conditioning unit.

ESTABLISH TOURISM COMMITTEE

Finance Officer Mike Bailey advised that the State requires the City to appoint a Lodging tax Advisory Committee, who will be responsible to review any change to the lodging tax or a change in the use of the revenue. The committee shall consist of at least five members, including one elected official who shall serve as chair. The committee will meet this Thursday to make a recommendation during the next council meeting. Councilmember Tim Wilson offered to be chair of the Lodging Tax Committee. The committee will meet with Mr. Bailey to review the funding applications.

WELL #6 UPDATE

City Administrator Ehman Sheldon reported that the state guideline for fluoride levels is 4 parts per million. Tests were conducted on Well #6 to determine where the fluoride is coming from. He advised the bottom of the well is running 5 parts per million. At the 915 foot level, it tested 8-9 parts per million. This area in the well column is about 15 feet wide. Above the 915 foot level, it tested 0-5 parts per million. The current theory is to plug the mid section drill through the plug, and draw water from the bottom and top section, commingling the water. If they could accurately seal off the mid section, we could potentially loose 100-200 gallons per minute of the water production. Mr. Lyndsey believes we would loose approximately one-third of the production. They have a meeting with the Department of Health and the Department of Ecology to discuss the City's options. Mr. Sheldon feels we can argue that the water all comes from a single source aquifer, based upon the data from Well #8. Councilmember Caylor advised there are several ways to plug the section of the well off and we're not certain that the water from the bottom layer is from the Grand Rhonde.

COMMITTEE REPORTS – COUNCIL COMMITTEE MEMBERS SHARE INFORMATION

Councilmember Caylor advised the Centennial Committee is meeting at 4:30 on Thursday. He requested \$5,000 be appropriated out of the tourism reserve fund for 2009 expenditures. Council agreed. The City was incorporated on May 23, 1910 and they want to promote the centennial theme throughout 2010. He mentioned that the lettering on the Lions Park Water tank needs to be repainted.

ADJOURNMENT

With no further items to discuss, Mayor Pro Tem Tim Wilson adjourned the workshop at 9:00 p.m.

By: _____
SHANNON MCKAY, Mayor

ATTEST:

By: _____
DEBBIE L. KUDRNA, City Clerk