REGULAR MEETING DES MOINES CITY COUNCIL

MINUTES July 8, 2004

The regular meeting of Des Moines City Council was called to order by Mayor Sheckler at 7:34 p.m. in the Council Chambers, 21630 11th Avenue South, #B.

PLEDGE OF ALLEGIANCE to the Flag was led by Councilmember Benjamin.

ROLL CALL - Present: Mayor Bob Sheckler, Mayor Pro Tem Scott Thomasson, Councilmembers Richard Benjamin, Gary Petersen, Dan Sherman, Maggie Steenrod and Susan White. Also in attendance were City Manager Tony Piasecki, Assistant City Manager Corbitt Loch, Assistant City Attorney Richard Brown, City Attorney Linda Marousek, Judge Colleen Hartl, Court Resource Advocate Kristen Gabel, Finance Director Paula Henderson, Public Works Director Tim Heydon, and Deputy City Clerk Angela Chaufty.

COMMENTS FROM THE PUBLIC

Cliff Hanna, 28700 5th Place South

Mr. Hanna thanked the community, local business sponsors, and the City for their support of the recent Fireworks Over Des Moines event.

Walt Heft, 437 South 206th Street

Mr. Heft said that the Fireworks Over Des Moines display was great. He asked Council to place the dinghy issue on a future Council meeting agenda. Mr. Heft estimated the average weight of a dinghy to be 75 pounds. As the Marina roof had handled hundreds of tons of ice previously, he said that the roof could handle the weight of ten dinghies. Mr. Heft questioned how the City wished to be viewed concerning the issue.

Mayor Sheckler informed Mr. Heft that the issue had been placed on a future meeting's agenda.

Dan Caldwell, 19547 2nd Avenue South

Mr. Caldwell thanked Councilmember Petersen for his financial support of the Fireworks Over Des Moines event. Mr. Caldwell read Council a letter he had sent to Martin McOmber of the Seattle Times regarding the Port of Seattle. Mr. Caldwell said that the Port's money would be better spent aiding the financially-strapped airlines rather than constructing a third runway. He recommended that Council propose a resolution to the Association of Washington Cities asking for legislation to provide Port of Seattle revenue sharing for all King County cities and to allow a utility tax on Port of Seattle revenues. In closing, Mr. Caldwell said that no taxes were paid on the Port of Seattle's $322,000,000 of revenue.

Florence McMullin, 914 South 248th Street

Ms. McMullin said that, should it be necessary to maintain the quality of life in the City of Des Moines, she would support a levy lid lift measure.

BOARD & COMMITTEE REPORTS

Suburban Cities Association

Councilmember Sherman reported that he and Councilmember White had attended the Suburban Cities Association meeting hosted by the Port of Seattle. He distributed a sample of the information provided by the Port at the meeting. Councilmember Sherman reported that the Port of Seattle had identified themselves as the economic engine for the region. They planned to complete a portion of the Duwamish River Trail next year.

Southwest King County Economic Development Initiative Executive Meeting

Councilmember White informed Council that the Committee had received the highest number of inquires (32%) regarding Des Moines from potential business owners. She noted that the Committee would host an export symposium in March 2005.

Historical Preservation

Councilmember White reported that staff was working with architects to restore the Des Moines Beach Park buildings historically. She hoped the City would asked the legislators for historical preservation funding in the Fall.

ADMINISTRATION REPORTS

Fireworks Over Des Moines

City Manager Piasecki informed Council that the Fireworks Over Des Moines display went well.

Fireworks Report

City Manager Piasecki reported that he had distributed a memo from the Chief of Police regarding police activity for the period of June 30 – July 6, 2004 to Council. A report of the impacts to the Parks Department would also be forwarded to Council.

Port of Seattle Meeting

City Manager Piasecki informed Council that he had attended a Port of Seattle meeting regarding the hauling of dirt for construction of the third runway. A copy of the route map had been posted on the City's website. Documentation of the certification of compliance with dirt standards had also been requested. The certification documents would be submitted to the Airport Communities Coalition for review.

Employee Meetings Regarding 2005 Budget Issues

City Manager Piasecki report that he, the Assistant City Manager, and the Mayor had met with employee representatives to discuss 2005 budget issues. He said that he will hold various open meetings for the employees in the next few weeks. He invited Council to attend the meetings.

CONSENT CALENDAR was read by Deputy City Clerk Chaufty.

1. Motion is to approve the special and regular minutes of June 10, 2004, regular minutes of June 24, 2004, and special minutes of June 26 and 27, 2004.

2. Findings: Vouchers audited and certified by the auditing officer as required by RCW 42.24.080, and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been made available to the City Council.

Motion: As of this date the Des Moines City Council, by unanimous vote, does approve for payment those vouchers and payroll transfers included in the above list and further described as follows:

Claim checks #94888 through #95059 & electronic fund transfers in the total amount of $471,725.01
Payroll fund transfers in the total amount of $373,348.57

~~3. Motion is to replace funds, which are no longer available through the LLEBG grant program, with funds already received from unanticipated gambling tax revenues, in order to continue funding the position of the Court Resource Advocate, Domestic Violence Program, for the remaining portion of the 2004 budget year.~~

~~4. Motion is to direct the City Manager to sign the Settlement Agreement and Release between the City of Des Moines and the Highline Water District, providing for full settlement and discharge of all claims, upon the terms set forth in said agreement, relating to the water main break at 16th Avenue South and Kent-Des Moines Road, on March 16, 2000.~~

~~5. Motion is to approve the compensation agreement for General Employees for 2004 and to authorize the City Manager to sign the agreement substantially in the form provided.~~

6. Draft Ordinance No. 03-074 ***[Assigned Ord. No. 1345]*** - Title: An Ordinance of the City of Des Moines, Washington amending DMMC 12.04.060, 12.04.090, and 12.04.100 of the City of Des Moines Right-of-way Use Code; identifying conditions that require approval of the City Council rather than administrative action; and establishing policy, guidelines, and approval procedures for right-of-way use permits.

MOTION is to approve Draft Ordinance No. 03-074 on second reading.

7. Motion is to purchase 359 square feet of land from Emerald Court Apartments, LLC for the 24th Avenue south/South 216th Signal Project, in the amount of $6,436.00 plus closing costs, and to authorize the City Manager to sign the Purchase and Sale Agreement substantially in the form as submitted.

Councilmember Benjamin removed Item Nos. 3, 4, and 5.

MOTION was made by Councilmember Steenrod, seconded by Councilmember White, and passed unanimously to approve the consent calendar as amended.

REMOVED CONSENT CALENDAR ITEMS

Alternative Funding for Court Resource Advocate, Domestic Violence Program

City Attorney Marousek asked Council to allocated funds received from unanticipated gambling tax revenues to continue funding the Court Resource Advocate position as the City was no longer qualified for a grant that had been expected to fund the position for the period of September through December, 2004. She explained that collections from court cases were also down.

Judge Hartl informed Council of her guidelines for assessing a fee, community service, and/or jail time to domestic violence offenders.

Mayor Pro Tem Thomasson expressed concern that the motion was tied to a specific revenue source rather than the ending fund balance.

Finance Director Henderson said that a budget amendment was not necessary as the position had already been approved in the 2004 Budget.

MOTION was made by Mayor Pro Tem Thomasson and seconded by Councilmember Benjamin to continue funding the position of the Court Resource Advocate, Domestic Violence Program, for the remaining portion of the 2004 budget year out of excess revenues.

Councilmember Sherman said that at least 20% of the collected gambling tax revenues should be dedicated to social services.

VOTE ON MOTION: Motion passed unanimously.

Settlement Agreement with Highline Water District Relating to 16th Place South and Kent-Des Moines Road Water Main Break

Upon the request of Councilmember Benjamin, City Attorney Marousek briefly informed Council of the history of the issue and the terms of the proposed settlement agreement.

MOTION was made by Councilmember Sherman, seconded by Mayor Pro Tem Thomasson, and passed unanimously to direct the City Manager to sign the settlement agreement and release between the City of Des Moines and the Highline Water District, providing for full settlement and discharge of all claims, upon the terms set forth in said agreement, relating to the water main break at 16th Avenue South and Kent-Des Moines Road, on March 16, 2000.

General Employee Compensation Agreement

Upon the request of Councilmember Benjamin, Assistant City Manager Loch noted that Council had reviewed the proposed agreement on April 1, 2004. At that time, Council voiced concern with the reimbursement of a portion of the cost savings for medical premiums to the employees. That provision had now been negotiated out of the contract.

Councilmember Benjamin said that he would abstain from voting on the issue as he felt that the agreement had already been approved.

MOTION was made by Councilmember Sherman and seconded by Councilmember White to approve the compensation agreement for General Employees for 2004 and to authorize the City Manager to sign the agreement substantially in the form provided.

Mayor Sheckler recused himself.

Councilmember Steenrod commented that the City could not afford to maintain its current level of employee benefits. She told the employees not to assume current agreement provisions would remain in future contracts.

Councilmember Sherman stated that the employees had compromised on the medical reimbursement issue. He confirmed that an abstention counted as a "No" vote.

VOTE ON MOTION: Motion passed, 5 – 1, with Councilmember Benjamin abstention counting as a "NO" vote.

PUBLIC HEARING

2005 Budget Issues

Mayor Sheckler introduced the subject and opened the public hearing. He called for speakers three times.

Ms. McMullin said that she had already provided her comments during Comments From the Public.

No other speakers responded.

Using a Power Point presentation, Finance Director Henderson presented the following information to Council:

- Existence of a $3,300,000 2005 budget structural imbalance;
- Causes for the imbalance;
- Strategies utilized to balance the 2000 - 2004 budgets; and
- Impacts of using one-time revenues to fund recurring expenditures.

She identified the following strategies for balancing the 2005 budget:

- Increase existing revenues
  - Levy Lid Lift – Voter approval required
  - Utility Tax – Voter approval required for rate greater than 6%
  - User Fees
- Identify new revenue sources
  - Business and Occupation Tax
  - Regulatory Business License Fees
  - Parking Fees
  - Metropolitan Park District
- Implement across-the-board departmental cuts
- Utilize one-time money from fund balances

Council recommended that the following information be added to the presentation:

<u>Causes</u>

- Include cumulative impact of loss of income from initiatives.
- Include other initiative that removed the $15 per vehicle license tax used for road maintenance.

<u>Council's Actions to Balance Budget</u>

- Include change in formula to determine Revenue Stabilization Fund ending balance
- Include reduction in unemployment and computer maintenance funding
- Include information regarding the utility tax – In 2003 and 2004, utility tax revenue has been used primarily to balance the budget rather than to fight the third runway.
- Include Council's previous attempts to stimulate economic development
  - Downtown Revitalization Plan
  - Pacific Ridge Project
  - Pacific Highway South Improvements

- Include strategies to increase revenues
  - Marina moorage fees
  - Street light utility
  - Permitting fees

In regard to regulatory business license fees to generate new revenue, Councilmember Sherman said that an employee fee could be collected from for-profit and non-profit businesses. He noted that the City's largest employers have non-profit status. Councilmember Sherman informed Council that Renton had two fee scales based upon the size of the employer. The collected money was used to maintain roadways as employees travel on the roads.

Finance Director Henderson said that more analysis was needed to determine the affect of creating a metropolitan park district.

At 8:57 p.m., Mayor Sheckler declared a ten-minute break.

Finance Director Henderson briefly highlighted the following cuts which would result from 20% across-the-board departmental cuts:

- 31 FTE's cut
- Reduction in service levels across departments
- Park closures
- Police enforcement programs curtailed
- Mt. Rainier High School Police Resource Officer position cut
- Animal control services loss
- Code Enforcement Officer position cut
- Trials for defendants delayed
- Reduced street maintenance
- Reduced street lighting

Councilmember Sherman stated that the cuts should be first in the presentation as 20% across the board cuts will be made if no new revenue sources are determined. He said that Council was trying to solve a structural problem that has been in existence for years. Councilmember Sherman briefly reviewed specific city services that would be eliminated with a 20% budget reduction as identified in Council's packet materials. He said that the public should be informed of the program cuts rather than the personnel cuts.

Mayor Sheckler read the number of employees that would be cut in each department at the 20% level.

City Manager Piasecki confirmed that the department directors were working to color-code the loss services at the 5%, 10%, 15%, and 20% levels.

Councilmember Benjamin stated that the budget situation was not that bad. He said that this was a tactic to scare the public into adopting a levy lid lift and that Council was passing the buck by asking the public to increase taxes. Councilmember Benjamin said Council had an opportunity to set priorities and label services as essential or non-essential. He said that economic development had not been effectively managed for the last two years.

Mayor Pro Tem Thomasson stated that the City had been dealing with a budget short-fall for four years. A levy lid lift would allow the public to choose to generate increasee revenues but it would only fill in one-quarter of the gap between expenditures and revenues. In order for economic development to sufficiently address the $3,300,000 shortfall, sales tax would need to triple. As this was unlikely, Council should identify cuts.

Councilmember White said that the goal was not to scare the community but to tackle reality.

Likening the situation to a private citizen's budget, Councilmember Sherman said that a 20% loss of structural income must, at some point, be dealt with. He noted that the revenues from a levy lid lift would come directly to the City. Councilmember Sherman said that Council needed to identify cuts and look at other revenue sources.

Councilmember Benjamin said that Council should evaluate services before looking to the citizens for more money. He said that Council needed to identify essential and non-essential services. Councilmember Benjamin said that he was not interested in hiring a consultant to scare the public.

Mayor Sheckler stated that a consultant had offered his services gratis. Mayor Sheckler said that Council had evaluated City services at the retreat.

Councilmember Benjamin confirmed that he recognized the deficit and said that Council should identify essential services. He said that the Police Department should not be cut as it was essential.

Mayor Sheckler said that, as the Police budget was the City's largest budget, keeping it fully intact would destroy the other departments.

Councilmember Petersen said that Council should start at the 20% cut level and identify necessary versus non-necessary services.

Councilmember Steenrod noted that Council had reviewed 5%, 10%, 15%, and 20% cuts at the retreat. She said that Council could plan for the 20% level cuts and work to increase revenues. Councilmember Steenrod suggested that Council look at selective cuts such as the Mount Rainier Pool. As the community has not supported the pool and expected revenues had not been received, the pool should be closed. She recommended that the City invest in resources to save money such as using voice recognition software to transcribe police and victim statements. Councilmember Steenrod suggested that travel and meals be trimmed from the budget as they were non-essential. She said that a B&O Tax would deter rather than attract businesses.

Councilmember Sherman suggested that the public e-mail or mail their comments regarding the 2005 budget to Council.

Mayor Sheckler closed the public hearing.

OLD BUSINESS

Draft Ordinance No. 04-122 ***[Assigned Ord. No. 1346]*** Property Tax Levy Lid Lift Ballot Measure - 2nd Reading

Assistant City Attorney Brown introduced the subject.

Finance Director Henderson questioned whether Council wished to proceed with the ballot issue. If so, she asked Council for direction regarding an appropriate levy amount and the timing of the election.

Mayor Pro Tem Thomasson expressed concern that the wording of the ballot issue provided in Section 2 of the proposed ordinance was not clear.

Mayor Sheckler and Councilmember White agreed that the ballot language must be clear to the general public.

Assistant City Attorney Brown said that, if Council wished to take action, Council could pass the proposed ordinance in concept and staff could later make the ballot language more readable.

MOTION was made by Councilmember Sherman and seconded by Councilmember White to enact Draft Ordinance No. 04-122, providing for the submission to the qualified voters of the City of Des Moines at an election to be held on September 14, 2004 of a proposition that would approve a maximum regular property tax levy rate for 2005 of $1.60 per $1,000 assessed value. Approval would permanently authorize the City to exceed the limits of chapter 84.55 RCW based on the new voter-approved limit; and directing the City Clerk to certify a copy of this ordinance to the King County Records and Elections Division, and setting forth the ballot proposition.

Councilmember Sherman said that Council needed to give the voters an opportunity to preserve some services at a certain level. Passage of the levy lid lift would still require budget cuts or increased revenues. Although Initiative 864 was no longer an issue, Councilmember Sherman said that he had received new information at the Council retreat regarding the City's financial situation and believed that $1.60 was an appropriate levy lid lift amount. He selected the September election date so as to inform staff of the status of their positions as soon as possible and to allow Council the best opportunity to plan for the 2005 budget.

Since Initiative 864 did not obtain enough signatures, Councilmember Steenrod recommended that the third and fifth "Whereas" statements be removed from the proposed ordinance. She also suggested that the sixth "Whereas" be revised as follows: "Whereas, the City Council desires to allow the electors to vote to ratify or reject . . ." Councilmember Steenrod voiced support for a November ballot as it typical had a greater voter turnout. She said that she did not want to support the ordinance until the ballot language was reviewed.

As the maker and seconder of the motion, Councilmembers Sherman and White **accepted** Councilmember Steenrod's "Whereas" revisions **as a friendly amendment**.

In regard to the fifth "Whereas" statement, Mayor Pro Tem Thomasson said that passage of the levy lid lift will not maintain current service levels. He noted that the title used the same language as listed in Section 2. Mayor Pro Tem Thomasson stated his preference for allowing Council an opportunity to review the ballot language prior to adopting the ordinance.

In response to Mayor Pro Tem Thomasson's questioning, City Manager Piasecki explained that the deadline for the September ballot was July 30, 2004. Pro and con statements for the voter's pamphlet were due the first week in August.

Councilmember Benjamin said that he would support a November ballot. Placing the issue on a September ballot was "game-playing".

Mayor Pro Tem Thomasson recommended that the fifth "Whereas" statement be revised to "desires to maintain an essential level of community services. . . "

As the maker and seconder of the motion, Councilmembers Sherman and White **accepted** Mayor Pro Tem Thomasson's suggestion **as a friendly amendment**.

Councilmember Sherman asked staff to voice a recommendation concerning the timing of the ballot issue.

Finance Director Henderson said that an earlier ballot issue would help staff and aid budget preparation.

Councilmember Petersen voiced support for the motion but said that he preferred a November vote as more people would participate in the vote.

City Manager Piasecki informed Council that the deadline for the November election was September 17, 2004.

Councilmember Steenrod asked that the pro and con statements provide information regarding the impact to homeowners. She said that she wished to review the statements.

VOTE ON MOTION: Motion passed, 4 – 3, with Councilmembers Benjamin, Petersen, and Steenrod opposed.

City Manager Piasecki confirmed that Council had directed staff to revise the ballot language in Section 2.

Mayor Sheckler read the title of the ordinance into the record.

Councilmember Sherman suggested that the 2005 Budget Power Point presentation include specific information regarding cuts at the 15% and 20% levels.

ADMINISTRATION REPORT, CONTINUED

Change to City E-mail Addresses

City Manager Piasecki noted that staff e-mail addresses would change July 23, 2004 to _________@desmoineswa.gov.

Waterland Festival

City Manager Piasecki announced that the 2004 Waterland Festival would begin July 21, 2004.

NEXT MEETING DATE - Study Session, August 5, 2004

ADJOURNMENT

At 10:25 p.m. **MOTION** was made by Councilmember Steenrod, seconded by Councilmember White and passed unanimously to adjourn the meeting.

Respectfully submitted,

Angela M. Chaufty
Deputy City Clerk

ACTION ITEM FROM JULY 8, 2004 MEETING

- Incorporate Council's recommendations into the 2005 Budget Power Point presentation.
- Draft new ballot language for Draft Ordinance No. 04-122.