



**NORTH BONNEVILLE CITY COUNCIL
Tuesday, November 8, 2011
Minutes**

Special Council Meeting – Finance Committee

Meeting Call to Order: 6:30 PM

Roll Call

Present: Mayor Don Stevens, Jim Runkles, Tim Dudley,
Absent: Jennifer Stratton-Pies
Staff Present: Clerk / Treasurer John Spencer,

Unfinished Business

Review of Current Balance Sheets

John gave an overview of current fund balances (before proposed cash write-down) per the computer system.

Review of Draft 2011 Year End Estimates

John gave an update of Year End estimates, briefly discussing some of the impacts of the proposed cash write-down.

Review of Draft 2012 Budget Changes

John discussed major changes to the proposed budget, noting in particular that it includes rough year-end estimates after the proposed cash write-down, and that it assumes a grant from the Department of Ecology. He also briefly discussed the Capital Improvement Plan.

Councilor Runkles asked for an updated Mayor's Message in light of the audit findings.

Continued Discussion of a Reserve/Emergency Fund

John provided an outline of a proposed Reserve/Emergency Fund Ordinance. Discussion ensued regarding the content of ordinance, particularly on identifying revenue sources for the fund. Council members expressed a desire for balancing the need for annual increases in the fund with other revenue needs, and for balancing the need to protect such a fund while making it accessible for legitimate purposes.

New Business

Review Terms of New Fire Truck Loan

John presented a spreadsheet and discussed the impacts of the proposed loan.

Discuss Lodging Tax Expenditure Recommendations

John gave a new proposal on lodging tax, noting that it includes a carry-over of unspent 2011 Heritage Trails budget.

Adjournment: 7:25 PM

Mayor

Clerk



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Meeting Call to Order: 7:30 PM

Roll Call

Present: Mayor Don Stevens, Jim Runkles, Tim Dudley, Jennifer Stratton-Pies

Absent:

Staff Present: Clerk / Treasurer John Spencer, Attorney Ken Woodrich

Guests Present

Approximately 19 guests were present, including Brian Adams, Pat Bond, Charles Pace, and Dave Smith.

Agenda Changes and Additions

Don proposed moving Police and Cable TV to the front of the agenda, after the public hearings.

Consensus to change the agenda order.

Public Hearings

Public Hearing – Utilities Tax Rate Increase

John provided background on the proposed rate increase.

Councilor Runkles clarified the impacts of this tax increase.

No public comment was made and the hearing was closed.

Public Hearing – 2012 Revenue Sources / Property Tax Increase

John gave a brief overview of the proposed property tax increase, noting that it is an increase of approximately \$1,800.

Diane Hamilton – Asked whether this increase is intended to make up the budget deficit, and stated that she is against raising taxes. She also asked where the money would come from and what the purpose of the tax is.

Cynthi Lewis – Noted her paycheck and home values have both dropped. She recommended living within our current budget.

Tom Herzig – Asked whether the county would get this tax if council didn't pass it. Ken noted that Tom is probably thinking of the lodging tax.

Virgil Viner – Asked if this is the Ad-Valorem tax; and stated that he thinks the county would get it if the city did not pass it.

Josi Lambson – Asked for further clarification. John attempted to explain that cities pass property tax levies (a gross amount of income that the County Assessor then distributes among properties based on their assessed value), and that the county's levy and the city's levy do not affect one another. He continued to explain that if the city's millage rate were already nearing the statutorily limit failing to pass an increase might allow a junior taxing district (such as the library or mosquito district) to achieve a higher millage rate, but that the city is not close to the millage limitation.

Cynthi Lewis – Asked for further clarification. The amount the city is looking at is a set amount and will not change according to property values. Only the millage rate may change.

Josi Lambson – Asked where the money will be used.

Cheryl Jermann – Noted the council has hard decisions to make.

Tom Herzig – Stated that he wants to be sure the council understands what they will be voting for, given the complexity of property tax.

Sharon Runkles – Agreed with Tom Herzig's comments.

No other public comment was made and the hearing was closed.

Public Hearing – 2012 Budget

Virgil Viner – Stated that council took an oath to do what was right for the city. He stated John had reported 2011 legal expenses to be \$97,000 and asked how the city would get by with a \$40,000 budget in 2012. John explained that the 2010 costs were about \$97,000, but that the 2011 estimate was closer to \$40,000.

Cheryl Jermann – Suggested that we may need to budget more for attorney costs.

Paul Lambson – Asked whether the city can legally apply 80 hours of staff time to the Hotel/Motel fund. Staff responded that this budget line item is for legitimate staff time in support of hotel/motel tax activities, not for public works projects.

Old Business

Police Contract

Don noted that the contract includes a requirement for the Sheriff to provide monthly reports on the number of patrol time and mileage spent within the city.

Pat Bond noted that the investigation report is not entirely accurate because follow-up hours and administrative hours aren't always included. He noted that the contract includes the cooperation of all 46 employee and resources of the sheriff's department

and that \$72,000 does not cover the full cost of an individual deputy sheriff's annual salary and benefits.

Councilor Runkles - Said the information on hours is important because we need to improve communications with our residents.

Cheryl Jermann – Thanked Pat Bond for the sheriff's services.

Dianne Hamilton – Asked how citizens can be alerted about sexual predators. Pat Bond explained that the information is available on their web site, but that this information does not include level 1 offenders (the lowest level). Information on level 1 offenders is available at the Sheriff's office.

Ken - Asked about how medical cases are dealt with in the jail contract, and suggested that we might want to work on this contract a little further.

Cable TV System

John noted an error on the lease agreement – the last line on the first page should read “billed to” rather than “received from.”

Public Comment

Mary Armantrout – Congratulated the city on escaping an extraterrestrial who visited town.

Diane Hamilton – Invited anyone who is alone on Thanksgiving to join in a meal at the Senior Center.

Cheryl Jermann – Asked how the city will get to the bottom of the audit findings and the mistakes. She suggested that if employees were overpaid, the money should be returned.

Dan Smith – Provided an update on the tennis court backboard, stating that he has found some prefabricated systems, but will put off making any decisions or purchase until the spring.

Tom Herzig – Commented on the preliminary auditor's report. He noted that it covers 2009 and 2010, and that he finds the findings disturbing. He pointed out that John was only here during the last six months of the time period and that John struggled to figure out the finances, and hired a CPA for assistance. He said that we now know why neither John nor the CPA was successful in reconciling cash. He complimented John for his efforts.

He took exception to the comment in the clerk/treasurer report that the council failed to provide proper oversight – they tried, but were unable to get good numbers from staff. He noted that the council was able to find and address some payroll irregularities, and budgetary timing issues.

Cynthi Lewis – Discussed the audit. She stated that it was difficult to get numbers from previous staff. She also suggested that the missing money needs to be accounted for and that someone needs to be accountable for it. She feels spending legal fees to investigate these issues would be worthwhile.

Virgil Viner – Said that people should be ashamed of themselves for keeping a witch hunt alive.

Sharon Runkles – Complemented John on being transparent with city business.

Cheryl Jermann – Stated that she doesn't feel there is a witch hunt.

Mayor Stevens – Suggested that the audit is still preliminary and that we do not need to continue this discussion. He also suggested that public comment be kept to city business.

Paul Lambson – Asked about bringing up the last audit see where it stood.

Roger Haven – Suggested that the city ask the auditors to do a complete audit for the previous few years. He further suggested that if John has received appropriate training, he should be able to figure out the cash reconciliation.

Unfinished Business

Sawnet

- **Councilor Dudley moved to approve Resolution 430; 2nd by Councilor Stratton-Pies.**
Runkles noted that this lease is a good thing for the city.
Yes: Councilors Runkles, Dudley and Stratton-Pies
No:
Passed 3 – 0
- **Councilor Dudley moved to approve Resolution 432; 2nd by Councilor Stratton-Pies.**
Yes: Councilors Runkles, Dudley and Stratton-Pies
No:
Passed 3 – 0
- **Councilor Dudley moved to approve the Equipment Lease Agreement as corrected; 2nd by Councilor Stratton-Pies.**
Yes: Councilors Runkles, Dudley and Stratton-Pies
No:
Passed 3 – 0

- **Councilor Dudley moved to approve the Facility Use Agreement; 2nd by Councilor Stratton-Pies.**
Yes: Councilors Runkles, Dudley and Stratton-Pies
No:
Passed 3 – 0

Mayor Stevens thanked Brian for working with the city through these negotiations.

Councilmember Comments

Sharon Runkles, on behalf of Jennifer Stratton-Pies, provided an overview of the planning commission activities.

Councilor Runkles – Discussed the fact that a nation-wide emergency alert test will be conducted tomorrow at 11:00 AM, on all radio and TV bands. It will last three minutes.

Consent Agenda

The consent agenda included October Payroll, 10/25/11 Council Minutes and 11/8/11 Vouchers.

- **Councilor Dudley moved to approve the consent agenda items; 2nd by Councilor Stratton-Pies.**
 Councilor Stratton-Pies noted her name was spelled incorrectly in the minutes. Councilor Runkles asked for a copy of the payroll. He also asked why the city pays itself for water. Ken noted that it's not strictly required, but that it is good management and the auditor expects it.
Yes: Councilors Runkles, Dudley and Stratton-Pies
No:
Passed 3 – 0

Guest Presentations

None.

Clerk/Treasurer's Report

Submitted. John also thanked Tom Jermann for putting the city in a position to receive a Department of Ecology Grant. He then discussed the preliminary findings from the State Auditor on the 2009 and 2010 Financials. A brief question and answer session ensued.

Attorney Report

None.

New Business

Approval of Resolution 434 – Fire Truck Refinancing

John gave background on the proposed loan and mentioned that staff is still waiting for a proposal from Oshkosh Capital.

Councilor Dudley noted the resolution should state that the term is ten years.

- **Councilor Runkles moved to approve Resolution 434; 2nd by Councilor Stratton-Pies.**

Runkles asked why clause three authorizes “any additional actions necessary to approve the loan”; John explained that the bank asked for this language.

Yes: Councilors Runkles, Dudley and Stratton-Pies

No:

Passed 3 – 0

Approval of Resolution 433 – Lost and Found

Don gave background on the resolution.

- **Councilor Dudley moved to approve Resolution 433; 2nd by Councilor Stratton-Pies.**

Yes: Councilors Runkles, Dudley and Stratton-Pies

No:

Passed 3 – 0

Approval of Law Enforcement Contract

- **Councilor Dudley moved to approve the Law Enforcement Contract; 2nd by Councilor Stratton-Pies.**

Councilor Runkles stated that he appreciates the additional language on reporting requirements.

Yes: Councilors Runkles, Dudley and Stratton-Pies

No:

Passed 3 – 0

Approval of Jail Contract

Ken recommended approval as written and staff to work on an amendment.

- **Councilor Runkles moved to approve the Law Enforcement Contract; 2nd by Councilor Dudley.**

Yes: Councilors Runkles, Dudley and Stratton-Pies

No:

Passed 3 – 0

Approval of Engineering Contract Amendment

Don gave background, explaining how staff tried to handle this project themselves.

- **Councilor Dudley moved to approve the Engineering Contract Amendment; 2nd by Councilor Runkles.**

Yes: Councilors Runkles, Dudley and Stratton-Pies

No:

Passed 3 – 0

Closing Comments

Cynthi Lewis – Expressed great satisfaction with the work city did in mowing a lot near her home.

Adjournment

- **Councilor Stratton-Pies moved to Adjourn; 2nd by Councilor Dudley.
Yes: Councilors Jim Runkles, Tim Dudley, and Jennifer Stratton-Pies
No: None
Adjourned 9:15 PM**

Mayor

Clerk