

July 26, 2018

The Chehalis city council met in a special work session on Thursday, July 26, 2018, in the Chehalis city hall. The purpose of the meeting was to review the strategic planning three-goal to increase and optimize staffing levels. Mayor Dennis Dawes called the meeting to order at 5:00 pm with the following council members present: Terry Harris, Dr. Isaac Pope, Bob Spahr, and Chad Taylor. Councilor Daryl Lund arrived at 5:19 pm. Councilor Tony Ketchum was absent (excused). Staff present included: Jill Anderson, City Manager; Caryn Foley, City Clerk; Andrew Hunziker, Property/Facilities Manager; Trent Loughheed, Community Development Director; Dale McBeth, Municipal Court Judge; Rick Sahlin, Public Works Director; Glenn Schaffer, Police Chief; Judy Schave, Human Resources/Risk Manager; Dave Vasilauskas, Water Superintendent; Lilly Wall, Recreation Manager; and Patrick Wiltzius, Wastewater Superintendent. No members of the news media were in attendance.

**1. Review Strategic Planning Three-Year Goal to Increase and Optimize Staffing Levels.** City Manager Anderson noted there would be no specific recommendations for the council to act on. She provided council with the positions needed to enhance city performance and services, and the city's general financial conditions, specifically the General Fund. The positions included the following, totaling just under \$425,000 to the General Fund:

• Property Maintenance Worker	\$ 39,857
• Judicial Assistant – Sentencing/Monitoring (P/T to F/T)	\$ 17,827
• Patrol Officer	\$ 113,459
• Receptionist – part-time (Police)	\$ 31,954
• Traffic Control Technician	\$ 81,391
• Volunteer Firefighter Program	\$ 65,000
• Finance Analyst (59% General Fund)	\$ 69,009
• Engineering Technician II (7.17% General Fund)	\$ 6,252

City Manager Anderson stated staff is projecting that sales tax and other revenues will remain relatively stable in 2019, noting sales tax makes up 50% of the city's General Fund revenues, and can sometimes be volatile. The 2018 ending fund balance is projected to be 10.5% (including drug seizure money), which is consistent with the city's financial guidelines, but is lower than what is recommended by auditors. Ms. Anderson stated that earlier this year, council set aside just under \$93,000 for the purpose of compensated absences and auto/equipment reserve funds, which funds are not included in the 10.5% ending fund balance. Monies were also included in the Public Facilities Reserve Fund for projects like the library, Recreation Park, and fire station improvements. City Manager Anderson stated potential liabilities include an aging workforce with an estimated General Fund liability of \$600,000 in the next five years; vehicle and equipment replacements; and sales tax stabilization to fill in gaps when the economy experiences a downturn.

Councilor Pope stated the downturn in the economy was not the only reason for decreased revenues. The city has not taken advantage of using its banked capacity to increase taxes, and each time that didn't happen, the city got further behind. Councilor Harris agreed. It may not be much each year, but it does add up over time and could have saved a couple jobs.

Councilor Pope stated that about 50% of the cost for the positions was for benefits and he asked what those included. Judy Schave stated benefits include medical and dental costs, pension rates, FICA, Medicare, etc.

City Manager Anderson spoke about potential revenue growth and how much would be needed to fund the positions. She estimated that an ongoing 9.2% increase in sales tax would be needed to fund all of the positions. She stated that next steps include assessing the position requests; continuing to look at options for increasing revenues and cutting costs; continuing to pursue economic development; continuing to pursue grants and low-interest loans to fund major capital improvements; and providing additional opportunities to assess the city's financial position during the 2019 budget process.

Mayor Dawes suggested that when revenues come in over what was estimated that those monies be put into reserves to begin building them up.

Councilor Pope stated the city has a very good staff that does a wonderful job. What came to him was that the city has functioned without the proposed positions for several years, so what makes them necessary now and is there work that is not getting done. How has staff done the work that never went away. He stated the staff must be very dedicated to have taken up the slack. If there is a way to fund the positions, he wanted to see it done based on what staff has been asked to do over the years.

July 26, 2018

City Manager Anderson stated several projects had been deferred over the years that were finally addressed the past couple years.

Judy Schave stated the goal at the June 25 council meeting was to highlight what positions are needed to operate more effectively. There doesn't appear to be enough revenue for all of the positions at this time. A number of employees plan to retire in the next five years, which will have an impact on the Compensated Absences Reserve Fund, and will create an opportunity to review current position descriptions to determine if revisions are needed. She noted it should be kept in mind that the fire contract is still outstanding and the impact to the General Fund is unknown. Ms. Schave provided an overview of the position requests for 2019, which were touched on earlier by the City Manager. In addition, a part-time administrative assistant in the Wastewater Division would be fully funded by the Wastewater Fund.

Mayor Dawes thought it might be hard to reestablish the volunteer firefighter program, specifically finding interest from individuals willing to volunteer. City Manager Anderson thought it might be a stepping stone for those people wanting to get into fire service.

Councilor Lund asked about reserve police officers. Chief Schaffer stated finding someone who wants to do police work without compensation is difficult, plus the cost of training, makes it something he hasn't taken on. He stated the training requirements are much more involved than they were years ago.

Councilor Pope thought reaching out to kids while still in high school would help recruit people into the fire and police fields. He stated there were many retired people in these professions who would be good mentors and teachers. City Manager Anderson stated that while a good idea, the dilemma is that those types of programs take away from regular duties. She pointed out that the last few weeks have been kind of crazy for the Police Department with a rash of burglaries and some serious sex crimes that take investigation work. The department is down to one detective because the officers were getting burned out with overtime. This is an example of things not getting done or taking more time to get done.

Judy Schave stated two positions are being requested in 2020 to include a property maintenance worker and a part-time wastewater laboratory assistant. As noted earlier by the City Manager, the total cost of all proposed 2019 positions would be \$424,749 to the General Fund. Ms. Schave stated the total cost to the utility funds would be \$163,770. The two wastewater positions requested in 2020 total \$103,986. She stated a brief summary for each position was included in the agenda packet. Several questions were asked and answered with respect to the needs of some of the positions.

Mayor Dawes didn't believe there was any question from the council about the need for each position, but even if the council used all banked capacity to raise taxes, it wouldn't raise enough money in one year to fund all of the positions. He suggested that the administration prioritize the General Fund positions to bring back to the budget committee and ultimately the council. Councilor Pope expressed agreement that the administration has a much better understanding of the specific needs of each position.

City Manager Anderson stated staff would proceed accordingly, including presenting a better picture of the 2019 budget situation.

There being no further business to come before the city council, the meeting was adjourned at 7:08 pm.

Dennis L. Dawes, Mayor

Caryn Foley, City Clerk

Approved: 8/13/2018

Initials: cf