

**MINUTES  
SPECIAL MEETING  
Ferndale City Council  
Held Monday, November 22, 2004  
City Hall Conference Room – 2095 Fourth Avenue  
8 a.m.**

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**PRESENT:**

**Councilmember Steve Oliver      Councilmember Mike Reilly  
Councilmember Carol Brumet      Councilmember Ron Wilson**

**ABSENT:      Councilmember Mel Hansen  
                 Councilmember Marianne Elgart  
                 Councilmember Susan Cole**

**STAFF:**

**City Administrator Greg Young      City Clerk Linda Knutson  
Public Works Director Bob Cecile      City Treasurer Mark Peterson**

**Mayor Jerry Landcastle Presiding**

**SPECIAL MEETING TO CONSIDER 2005 BUDGET ISSUES**

**Storm Water Fees**

Administrator Young presented several spreadsheets documenting fund impacts of monthly storm water fees ranging from \$2 per month up to \$3 per month. As outlined, the fund would operate in the red for several years under the \$2 scenario, and would break even at \$2.75 or \$3.00. These spreadsheets assumed the purchase of a new vactor truck, plus a full-time employee. The fund is currently using sales tax revenues for operating and maintenance.

The Council discussed flat fees versus formulas regarding users. Most felt that different rates should apply to commercial and industrial properties due to their larger impervious surfaces. Administrator Young responded that flat rates could be instituted fairly easily, but to charge properties by actual square footage of impervious surface would be labor and time intensive.

A lengthy discussion centered on the funding of operations, maintenance, debt service, and capital projects. Councilmember Reilly stated that he would not participate in a vote on establishing fees, and would leave the meeting, leaving it without a quorum.

After further discussion, it was decided that the Council will hold public hearings in early 2005 to determine the fairest storm water rate fee structure.

Administrator Young pointed out that each fund decision would have a "ripple-effect" on other funds.

**Water and Sewer Funds**

Public Works Director Cecile provided information on two high priority water projects that need immediate attention.

The first item was the issue of the City using a PUD settling pond rather than expending up to \$141,000 per year on chemical treatment. The cost of modifying the pond is approximately \$71,000 plus a monthly chemical charge of between \$1,200 and \$3,000. The proposed 2005 budget has \$125,000 set aside for chemical treatment.

***It was moved by Councilmember Oliver to authorize the Public Works Director to work with the PUD to modify the settling pond as outlined in Option #1. Motion passed unanimously.***

The second item was the installation of additional plumbing to create “filter-to-waste” capability at the treatment plant, plus additional turbidimeters to each filter, and additional instrumentation and controls including expanded SCADA. These upgrades total \$180,000 and are needed to comply with new standards regarding safe drinking water.

***The Council agreed that this item should be paid for with reserves in the water fund.***

#### **Water and Sewer Funds – Desired Level of Reserves**

Administrator Young reviewed that with the current rate structure, reserves cannot be built. The City will continue to incur debt for necessary upgrades and emergency repairs unless reserves can be strengthened.

Councilmember Oliver responded that connection fees must pay for infrastructure improvements. He said that currently if lines fail, or a new line is needed, the only option the City has is to take out loans. These things continually add to the City’s debt, and that trend needs to be reversed.

Councilmember Reilly stated that a former Council had promised that connection fee revenue was to pay for the treatment plant debt. He felt that the utility tax should be diverted from Current Expense for water and sewer capital reserves. He added that water and sewer funds should be self-supporting. Mayor Landcastle agreed that those funds should be self-sustaining and that some decisions of former Councils had to be evaluated and overcome, and new, more responsible decisions made for future stability.

***It was moved by Councilmember Reilly and seconded by Councilmember Brumet to raise water and sewer connections fees by twenty-five percent, with revenues received over and above the established baseline to be dedicated to utility capital reserves. This is to be effective January 1, 2005. Motion passed unanimously.***

#### **AT 10 a.m. MOTION TO EXTEND MEETING AN ADDITIONAL 15 MINUTES PASSED UNANIMOUSLY**

Councilmember Oliver wanted to stress the fact that the City cannot continue to borrow money for improvements “on the backs of our taxpayers”. He believes that growth should pay for growth.

***It was moved by Councilmember Oliver to limit the expenditure of water and sewer connection fee revenue for debt reduction to no more than fifty-percent, to be accomplished within the next five years, beginning in 2005. Councilmember Brumet seconded. Motion passed three-to-one, with Councilmember Reilly voting no.***

#### **GMA Progress Resolution**

City Clerk Knutson outlined that the City must provide the state with a “progress resolution” since the deadline for updates cannot be met. The resolution lets the state know that the City continues to work on completing the required updates.

***It was moved by Councilmember Brumet and seconded by Councilmember Wilson to approve Resolution #04-11-22. Motion passed unanimously.***

#### **Ordinance #1333: Phone System Financing**

City Treasurer Peterson reviewed that the City had replaced the deteriorating phone system at City Hall and were requesting financing on a low interest loan from the state. The state is requiring that the City pass an ordinance regarding that financing in order to process the loan. He added that the new system

does not impact the budget, as the loan payments are the same as the ongoing maintenance of the old system.

***It was moved by Councilmember Brumet and seconded by Councilmember Wilson to approve Ordinance #1333. Motion passed unanimously.***

**Executive Session**

At 10:20 a.m. Mayor Landcastle announced that the Council would adjourn to executive session for no more than five minutes to discuss personnel issues.

The Council reconvened at 10:25 a.m. with no action presented.

**ADJOURNMENT**

There being no further scheduled City business, the meeting was adjourned at 10:25 a.m.

**ATTEST:**

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Jerry Landcastle, Mayor

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Linda Knutson, City Clerk