

BLACK DIAMOND CITY COUNCIL MINUTES
Special Meeting of December 10, 2015
Council Chamber, 25510 Lawson Street, Black Diamond, Washington

CALL TO ORDER, FLAG SALUTE:

Mayor Benson called the special meeting to order at 6:00 p.m. and lead us all in the Flag Salute.

ROLL CALL:

PRESENT: Councilmembers Morgan, Edelman, Weber and Taylor.

ABSENT: Councilmember Deady (excused).

Staff present: Seth Boettcher, Public Works Director; Andrew Williamson, MDRT/Ed Dev Director; May Miller, Finance Director; Barbara Kincaid, Community Development Director; Jamey Kiblinger, Police Chief; Carol Morris, City Attorney, and Brenda L. Martinez, City Clerk/HR Manager.

WORK SESSION:

2016 Budget

Mayor Benson welcomed everyone and discussed sending two emails to Council on Wednesday, December 9th; one from MRSC showing what the budget rules are and the other regarding violations and penalties on budget adoption.

Mayor Benson furthered noted that Council has held work sessions and two budget hearings where no public input was received. She then asked Councilmember Morgan to discuss any changes or needed clarifications she has on the 2016 Budget.

Councilmember Morgan commented on needing funding in fire for the annexation study, however she noted not looking at how to fund this. She also commented on this being a fund level budget not a department level budget and asked the Finance Director if this was true. Ms. Miller stated most cities in Washington State adopt at the fund level. She also asked Finance Director Miller if in her opinion this is a structurally balanced budget as defined by government finance. Ms. Miller stated absolutley. Councilmember Morgan then asked are all capital expenditures for 2016 the same as the City's capital plan. Ms. Miller responded no as new grants were received and those are not in the capital plan and gave an example of Roberts Drive. Councilmember Morgan referred to page 77 of the document regarding maintenance of facilities and equipment and read the excerpt and asked if we are in compliance with this. Ms. Miller

responded yes if we have the funds available. Councilmember Morgan then noted it appearing that 100% of property tax is being spent for public safety and also noted that property tax revenue is not restricted for only public safety. Ms. Miller noted that when the levy was passed 100% of the property tax dollars was pledged to fund public safety. Councilmember Morgan then referred again to page 77 of the document and under sustainable revenue sources and wondered if Ms. Miller's opinion was that the budget is in compliance with this. Ms. Miller stated it is in compliance with MRSC and the State's definition of the funds available to balance a budget and discussed how this is calculated.

Mayor Benson commented that if the fire annexation study is to be funded she needs to know where the funds will come from as this is Council's responsibility.

Councilmember Weber referred to page 10, line 23 of the document and noted the beginning fund balance for all funds is projected to be \$3,639,597 and the ending fund balance is projected at \$2,669,503 and wondered if this meant for 2016 the City is planning to spend \$970,094 more than revenue. Ms. Miller explained the process of how you start with beginning fund balance then add in revenue projections and this is what entities are eligible to spend. You then need to look at each fund to see why you are spending those monies. She gave an example of the sewer operating fund where Council has chosen not to raise rates beyond the city and metro shares and to pull down the fund balance each year so the citizens are not taxed with higher rates. She also commented on how grant revenue works in the budget projections. She invited Councilmembers to meet with her to go over every fund in depth as budgeting is a very mechanical process.

Councilmember Weber stated he is also trying to understand the unexpended appropriation balances as defined in RCW 35.33.151 are budgeted. He also referred to fire impact fees and asked if they could only be kept for six years and then need to be refunded. City Attorney Morris stated yes, however there is a process to allow the City to keep the funds longer should Council adopt findings. In addition he asked why the City Clerk is fully funded by the funding agreement and has the funding agreement ever been audited. He also inquired about the reduction in funding for the MDRT department. Ms. Miller noted receiving a wind down notice last year, which reduces revenues received for 2016 from the 2015 budget. He stated supporting adding more money for the fire annexation study and noted the additional money could come from the ending fund balance.

Councilmember Edelman commented that at a work session there was consensus to budget \$5,000 for the study, however it doesn't mean we can't add more money as more money becomes available since the study will not be done in 2016.

Councilmember Taylor commented that after talking with the fire district and citizens he is requesting that the study be fully funded in the 2016 budget.

There was Council discussion regarding fire service for the Lawson Hills area, current deficiencies and what REET money and fire impact fees can be used for.

Mayor Benson asked Council if money was set aside in the budget to fully fund the study would there be Council support to pass the budget. Following discussion there was Council consensus.

Mayor Benson directed Finance Director Miller to make this change and take \$20,000 out of the ending fund balance to fund the annexation study that may result in a pre-annexation agreement.

A **motion** was made by Councilmember Edelman and **seconded** by Councilmember Weber to adjourn the meeting. Motion **passed** with all voting in favor (4-0). The meeting ended at 6:50:08 p.m.

ATTEST:



Carol Benson, Mayor



Brenda L. Martinez, City Clerk