REGULAR COUNCIL MEETING

Officials in Attendance: Mayor Dorothy Knauss; Councilmen Payton Norvell, John May, Evan Schalock and John Wight; Councilwomen Nicole Norvell, Cori Wueststoff and Carra Nupp

Staff Present: City Administrator Mike Frizzell, City Attorney Mike Waters, Clerk/Treasurer Pamela McCart

The Mayor called the meeting to order at 6:30 PM.

Audience Comments: None

Mayor’s Youth Award: Simi Sahota

Approval of/Changes to Proposed Agenda:
The Mayor requested scheduling date for open forum on downtown parking under “Old Business”. Motion by Councilman May to approve agenda as amended, seconded by Councilman Wight. Roll call vote taken with all in favor. Motion carried.

Mayor Announcements/Appointments, including:
- PACA representatives will be at the December meeting to discuss options pertaining to the proposed lease for the pool property.
- I just started working with Stevens County and mayors from other cities on a comprehensive plan update – looking into the possibility of doing this as a joint effort.
- Our spray park funding application placed 51 out of 91. We may be below the funding level, depending on what the legislative funds next year. In the spring of 2019 we will have to recertify our match in case unused funds become available. Right now, it doesn’t look favorable.

Presentation:
- Joan Thompson gave an overview of 2018 activities of the Chewelah Farmers Market. She presented projects and ideas for the future.

Consent Agenda:
Motion by Councilwoman Nupp approving Consent Agenda consisting of:
> October 3rd and 17th Regular and October 8th Special Minutes
> October Payroll and Claim Vouchers
Seconded by Councilman Norvell. Roll call vote taken with all in favor. Motion carried.

Public Hearing on Revenue Sources for 2019:
The Mayor opened the public hearing and set forth the format that would be followed. There were no objections to the Mayor participating as chairman. There were no objections to any Councilperson’s participating in the proceedings. No Councilperson acknowledged any communications outside of this hearing and no Councilperson acknowledged any gain or interest with regard to this matter.

Staff Report: City Administrator Mike Frizzell stated that during the budget workshops and after adjustments were made to the funds the 2019 revenues are calculated to include:
- The maximum allowable 1% property tax increase
- In order to bring more revenue to the General fund, an increase from 17% to 20% on the utility tax imposed on the revenue of the Water, Sewer and Garbage Funds.
This is a tax on those funds so in order to pass that cost onto customers, the rates for those services need to be increased.

- A 3.8% increase in garbage rates
- A 3.85% increase in sewer rates. (This is in addition to a previously adopted increase)
- A $4 increase in base water rates in order to balance the water budget.

Then an additional 4% increase in base water rates and a 20% increase in average rates

- An increase in annual airport fees from $100/year to $200/year
- Increases in building and planning fees to more closely resemble the County’s fee schedule (resolutions will be presented at the December meeting)
- Not included in the 2019 budget yet, but plan to move forward with the establishment of a Transportation Benefit District which is the $20 tab fee. The revenue generated from these fees will be restricted for expenditures related to streets within the City.

There was no written testimony.

Oral Testimony:

John Kabosky: I see that you are going to increase property taxes because of a budget shortfall. I think this city has been involved in a lot of out of control spending. Has a lot of the spending been necessary? $30,000 to take the pool down -- did the pool really need to come down? Are we looking at if we have the money to spend when we spend it or are we arbitrarily voting on things in goodwill and then making sure we have the money for it after we commit to it? So the question is do we need to raise taxes or do we need to control spending? Be like a regular person and look at your checkbook before you write the checks. So there's $30,000 for the pool business . . . $7,000-$10,000 on Richmond Lane for surveys over a dispute of two old codgers. One had too big of a plane to get down the street and the other had trees growing in the right-of-way. Did we look and say do we really have all this money to survey and do this now if we're approaching a budget shortfall? Did we have to buy two new fire trucks? Maybe we needed one but did we need the ladder truck for the city? Did we need to commit to a new fire house? The economy is coming back and you guys are like a bunch of drunken sailors -- spending, spending, spending -- now the bar tab has arrived and the residents of the city are expected to pay higher taxes for this. Based on 2010 census data there are a little over 1,000 homes in the city. The average household income is $33,000. So when you're talking about increasing taxes and putting another $200-$300/year onto someone's tax bill -- for a lot of people/retirees -- I personally have them as patients who live on fixed incomes -- that's $30--$50 month. I think there needs to be some recollection on spending - what we want vs. what we can afford and budgeting that. Maybe there needs to be a better accounting process or a little more discussion a little more stepping back and saying do we really have the money for this and projecting out. I think that needs to be part of the discussion. The other part of the discussion needs to be raising water and sewer taxes -- people need to realize when you raise the sewer fee that's a fee only for the people who live in the lower city vs. those who live at the golf course. So if those shells are being shuffled just to generate more money, the golf course residents aren't paying as much as the residents down here and if you look at the economics of the whole thing we have less money down here. Now they do not receive sewer services up there but sewer and water . . . I don't know if that all goes together or not into the common budget. I think there needs to be some respecting of how we are budgeting for
things and not spending if we don’t actually need it. Did we really need to tear the pool
down? It had been sitting there for years unattended – what’s another couple of years? If
you’re raising the taxes from .8% to 1% that’s another $200,000-$300,000 in revenue . .

_Councilman Norvell:_ That 1% only adds up to $4,176 additional revenue which is like $2
per person.

_Kabosky:_ Okay I stand corrected. Thank you. I believe the city needs to make sure it’s
not spending what it doesn’t have and that it’s not committing to things it can’t afford. It’s
better to have some growth than to have the stalling growth or start raising tax and having
things go up and then it stalls things.

_Wally Baker:_ I’m representing the Chewelah Little League Association and myself and
maybe a few others. I want to know why you’re increasing everything because we’re going
to have to pass those increases onto the parents (application fees to play baseball) -- right
now we’re having a heck of a time getting kids to play ball. I’ve had so many comments
on how nice my field looks – we have people coming from Chataqua and signing up the next
day to come and play again. With these increases, that field’s going to go to hell because I
cannot water that field with an increase like that and keep it the way it is. Do you have to
increase the fees because of the airport bill? You didn’t ask the people if they wanted an
airport – you took it upon yourselves to say we want that airport. The more I talk to people
the more I hear ‘We own the airport? We didn’t know that.’ And annexing the golf course
into the city limits. What benefit did the people in this town get from that? I don’t see any
benefit. Do they pay for water? Where they have the water tower up there -- where does
that go?

_Mayor:_ They had to pay for that and dedicate it to the City. Now they pay monthly water
fees.

_Baker:_ But do they have to pay a city bill?

_Mayor:_ Yes.

_Baker:_ Okay -- that I didn’t know. Sewer they don’t pay for because they’re on their own
sewer. That’s another thing. Why do we have such a high cost in sewer? When I lived out
at Waitts Lake the PUD sewer cost was only $35 -- why do I have to pay $70 to go to
bathroom? That’s ridiculous – you’re just flushing the toilet. And then you lowered the
monthly base water usage from 5,000 gallons/month to 4,000 gallons.

_City Administrator:_ No, it’s still 5,000.

_Baker:_ There’s a lot of people in this town on fixed income, including me. These increases
are a lot to us people. You’ve got people living in the Manor and all that. They don’t get an
increase thru social security unless the President or Congress lets it. You guys need to go
back and look at this. It would be beneficial to put this stuff in the paper because I imagine
you would have a lot of people here tonight. The way I found out was on Facebook. You
guys make more money than I do. You guys need to look at this again.

_Doug Trainer:_ I agree with most of what has already been said. I think the city has to learn
to live within its means. We have to live within our means. I’m also a person on a fixed
income. These increases in rates is phenomenally absurd. It was pointed out that the
money that was spent in demolishing the pool, as an example. Another example could be the Frisbee golf course which is seldom used here. I know it’s used and people like that and they take advantage of it but is that an expense that could have been delayed or put aside? It just doesn’t make sense to most of us. I know you express your needs in acquiring the revenue sources and so on but for a large number of people in this town it’s unaffordable. We would ask that you reconsider finding some other means or another way of cutting costs.

*Ann Trainer:* The sewer is sky high. It’s outrageous.

*Councilwoman Wuesthoff:* On the Frisbee golf... The hotel/motel tax has to be spent on things that will bring people into the community (things that promote tourism) so the funding came from that motel tax. Annual applications for use of these funds are submitted and reviewed by committee. Funds are allotted after applications are received and approved.

*Greg Liebert:* I have owned two lots on Richmond Lane since 1999. I want to ask about the increase in airport fees. What is driving that? Is it just to generate more revenue or did it come down from the FAA?

*City Administrator:* This is for the airport use fees so this affects everyone who has a rental space on the east side and everyone who has a Residential Thru the Fence Agreement (RTTF) on the west side because anyone who has a RTTF has to pay the same fees as the other airport users. The driving factor is that the airport fund has never balanced itself. The discussion was what can we do so that the airport users are contributing their portion to this, so the airport fund can balance itself.

*Liebert:* The 100% increase surprises me.

*City Administrator:* It has been suggested that it go much higher. They thought $200 was a fair amount in comparison to airports of similar size.

*Councilman Norvell:* John (Kabosky), you pointed out some things but out of a $10,000,000 total budget that’s like .02% of the budget – we would have to cut a lot more than that. What services would you like to see cut if we were not to implement these rate increases?

*Kabosky:* I think it should be more of what services would we like to see for the rate increases. We’ve had very little done on some of the roads...

*Councilwoman Norvell:* The fire trucks were purchased with the fire department money...

*City Administrator:* Reserve funds.

*Councilwoman Norvell:* The fire house is being paid for with the fire budget, so I find it’s just a tad unfair to throw...

*Councilwoman Nupp:* Can the Fire Chief address the fire response in the two different areas? Why we took that direction?

*Fire Chief DeVeau:* Reserves were set aside with the intent of buying a fire truck at some point. We needed to buy a truck to put in the golf course station. The last truck was bought for around $45,000 so I had assumed the purchase of a truck for the golf course fire station.
was going to be somewhere in the neighborhood of $50,000 - turns out we found a truck for $10,000 and another for $13,000. The ladder truck and the fire station at the golf course -- all that brings down insurance rates mainly for the businesses and the people up at the golf course. If you annex an area, you’re supposed to provide services, one of which is fire. The circle of response time that you really need to have -- you need fire stations within a 5-mile radius for your insurance rates. At one time the insurance companies estimated the distance up at the golf course to be within 5 miles of this station here -- then they revisited that and took actual distances and realized that half of the houses at the golf course were outside the 5-mile range and everyone’s insurance rates went up. Same thing with the water truck – it’s a very cheap insurance policy -- you’re looking at $10,000 to protect our downtown. Without that ladder truck . . . if we have a big fire and I keep using Setys Ace Hardware as an example because that one scares me the most out of all our buildings . . . if that building catches on fire and we don’t have a way to fight from above we could lose two blocks . . . we could lose the entire one side of downtown if we aren’t able to get in there and put a stop . . . you can’t get up next to the buildings . . . you’re supposed to stay 1 ½ times the height of the building away from the building for building collapse . . . that puts us 60 feet from Setys and how are we going to fight a fire there if we can’t . . . and we’re trying to do a defensive fire, there’s no way we can get ahead of that.

Councilwoman Norvell: How fast does a fire double in rate?

Fire Chief DeVeau: There’s so many variables . . . it’s very fast. When I was in Austin we had a response time of 3-4 minutes from when you dialed 911 and when we showed up at your door. Ours is about 12 minutes -- you give a fire that much time, especially in the middle of the night . . . that’s what happened with Saundra’s Furniture in Colville . . . because it happened in the middle of the night and nobody saw it until it was really big. And once a fire gets really big we can’t send people in there -- our training is limited and so I’m not going to risk losing firefighters to save a building. The ladder truck actually gives us a fighting chance to at least put a stop to the fire. A $10,000 insurance policy is the way I look at it. I hope we never use it but if we do it’s $10,000 well spent.

City Administrator: Just comments on some of the general statements that have been made and the effect on this year’s budget. The pool site for $30,000 -- that’s a long discussion. It had to be done at some point. Without question it was not savable. It was actually a hazard -- it had to be done. When you did that was your choice, but it wasn’t a question of whether it had to be done or not. There are a lot of reasons for the survey on Richmond Lane -- to choose to do nothing was a far greater risk. The $150,000 for the fire station has zero effect on the budget as Dave has actually absorbed that within his current budget. The one thing that has been mentioned that has an effect is the purchase of the airport; however, that’s a short-term deal because once we get the planning done and start the development we’ll be able to sell lots and pay that loan off at a very quick pace. Roads were mentioned . . . we spend a far greater amount on road preservation, chip seal and pavement now than we ever have in the past. So, there’s been a concerted effort by Council to put more money . . . one of the reasons we’re looking for more money in the general fund is because we are increasing the services. We’re fixing more roads. We are putting more money into reserves -- we’re doing the responsible thing so that we can replace a police vehicle every five years. We’re putting money aside so we pay cash for the equipment 10, 15 and 20 years down the road. So all these things that haven’t been done in the past are being done now in a responsible manner. So, yes, they’re increases now but in a responsible manner -- they’re not just coming out of the blue -- they’re not being wasted. They’re being spent in a way that they should have been spent in the past.
Councilman Wight: . . . water, sewer . . .

City Administrator: The utility taxes go straight to the general fund and pay for police, fire, roads, etc. They are not directly paid by the customer anymore. The state auditor determined that those taxes had to be paid directly by the utility funds to the general fund. So now we have to pass those increased costs to the utility funds onto the customers in the form of utility rate increases. The increase in road repairs, the reserve funds, the new fire trucks -- these are all very important things. The fire station was not a whimsical purchase. This is something that we’ve owed to the residents of the golf course for a very long time. They helped build the fire station down here in the mid ’80s and they've been without that fire support for that long. We tried many different avenues to get grant funds to pay for that. So, yes, we found a way to do it in a quick, responsible manner. That’s the cheapest, nicest fire station built on this side of the state by far.

Mayor: The one thing that I would add about the airport is that it was annexed in 1983 so this council did not annex that. I understand that the airport was offered to us many years ago for $30,000 and the council turned it down. So, yes, it’s here today but it cost us $250,000. The reason that we did buy it . . . we had a 55-year lease with DNR that expired in 2035 at which time if DNR raised the lease rate where we couldn’t afford it, then we would have had to tear the airport out to take it back to bare ground – that was part of the agreement. The Council thought it was important to save that for economic development in Chewelah and, as Mike pointed out, once we are able to develop it and sell some housing lots on the rim, we’ll pay that off very quickly.

Councilman Norvell: I’d also like to point out that by having less than 20 years left on that lease, we would have no longer been eligible for grants to maintain the surface of the airport/expand the airport -- so we would have solely been on the hook for maintaining the airport -- it actually saves us a lot of money.

The Mayor closed the Public Hearing.

Committee/Commission Reports: None
City Administrator Report: None
City Attorney Report: None
Police Chief Report: None
Fire Chief Report: None

Old Business:
- Consensus to hold an Open Public Forum on downtown parking during the January 16, 2019 regular meeting.

New Business:
- The clerk read the introduction of Ordinance #926. Motion by Councilman Norvell to adopt Ordinance #926 setting 2019 property tax levy, seconded by Councilman May. Roll call vote taken with all in favor. Motion carried.
- The clerk read the introduction of Ordinance #927. Motion by Councilman May to adopt Ordinance #927 increasing utility taxes imposed on Water, Sewer and Garbage Fund Revenue, seconded by Councilman Norvell. Roll call vote taken with all in favor. Motion carried.
- The clerk read Resolution 18-10. Motion by Councilman Norvell to adopt Resolution 18-10 setting utility rates, seconded by Councilman Wight. Roll call vote taken with all in
favor. Motion carried.

- The clerk read Resolution 18-11. Motion by Councilman Schalock to adopt Resolution 18-11 setting airport fees, seconded by Councilman Wight. Roll call vote taken with all in favor. Motion carried.

Adjournment:
At 7:38 PM, motion by Councilman May to adjourn, seconded by Councilman Norvell. Roll call vote taken with all in favor. Motion carried.

Mayor Dorothy L. Knauss

Clerk/Treasurer Pamela McCart