

DRAFT

CITY OF SHORELINE

**SHORELINE CITY COUNCIL
SUMMARY MINUTES OF SPECIAL MEETING**

Monday, November 19, 2007 6:30 p.m.

Shoreline Conference Center

Mt. Rainier Room

PRESENT: Mayor Ransom, Deputy Mayor Fimia, Councilmember Gustafson, Councilmember Hansen, Councilmember McGlashan, Councilmember Ryu, and Councilmember Way.

ABSENT: None.

1. CALL TO ORDER

At 6:37 p.m. the meeting was called to order by Mayor Ransom, who presided.

2. FLAG SALUTE/ROLL CALL

Mayor Ransom led the flag salute. Upon roll call by the City Clerk, all Councilmembers were present with the exception of Councilmember Hansen, who arrived later.

3. REPORT OF THE CITY MANAGER

Robert Olander, City Manager, provided updates on the following City meetings, projects, and events:

- The City of Shoreline was awarded a \$6 million grant for the Aurora Corridor Project from the Washington State Transportation Improvement Board
- The Kruckeberg Botanic Garden Rake 'n Bake was held on November 17
- North City Tree Lighting Ceremony, December 1
- Citizen Advisory Committee (CAC) on Housing meeting, November 20
- Planning Commission Public Hearing on the Ridgecrest Commercial Area Zoning, November 29

4. REPORTS OF BOARDS AND COMMISSIONS

None given.

5. GENERAL PUBLIC COMMENT

(a) John Dupea, Shoreline, said he doesn't want taxes raised. He also commented that the people that voted for the Aurora Corridor Project should pay for it.

(b) Dennis Lee, Shoreline, said it would be nice to know why the sustainability meetings are not very highly attended. He added that it would be nice to have more discussion about it on the Council level to determine why residents aren't attending the meetings. He described sustainability as "not stealing from neighbors" and taking care of the environment. He commented that the City's consultant is good and he appreciates the meetings and the conversations.

(c) Nancy Morris, Shoreline, reads her previous letter regarding Aurora Corridor and the need for sustainable landscape maintenance to protect water and natural resources. She said there shouldn't be any chemical herbicides or toxins utilized in the City's maintenance operations that threaten natural systems and health. Studies show that chemical levels are higher in urban streams than in rural, agricultural areas.

(d) William Vincent, Shoreline, commenting on the Civic Center/City Hall project, disagreed with the plan to design the Council Chambers as a multiple use facility. He felt that the facility is used for government and it demands dignity. Next, he said he didn't see anything about the City Manager's office, who is the chief operating officer of the City. This, he explained is a major responsibility and his office and support should be considered very carefully.

(e) Nancy Gustafson, Shoreline, commented that an irresponsible group sent out a slanderous and shameful mailer attacking Council candidate Paul Grace, who is a respected leader in the community. She noted that the Pro Shoreline pieces were informational and based on facts and legal documents. She speculated that one of the current Councilmembers wants to be the mayor and needs Chris Eggen to secure the majority vote. She urged the residents not to let big money and lies get people elected.

(f) Les Nelson, Shoreline, stated there is an interim control now and good cooperation from the City staff. He wants to come up with a solution, possibly a tiered approach, to building standards and zoning. There is a difference between the Comprehensive Plan and zoning, he said. There is a lot to fix in the City's development standards to ensure the right kind of mixed development is in place. Additionally, there needs to be sufficient funding set aside to address the issue.

Mr. Olander responded to the comments and said there is a policy in place concerning not utilizing herbicides and pesticides on Aurora Avenue or any City park. Additionally, there are consultants working on low-impact development and sustainability for the next phase of the Aurora Corridor development. He reminded the public that there is a public hearing on the moratorium on December 17, 2007.

6. APPROVAL OF THE AGENDA

There was Council consensus to pull the minutes from the Consent Calendar. There was also consensus to have a 30 minute executive session regarding personnel as item 8(b).

Councilmember McGlashan moved approval of the agenda. Councilmember Gustafson seconded the motion, which carried 6-0, and the agenda was approved as amended.

7. CONSENT CALENDAR

Councilmember Gustafson moved approval of the Consent Calendar. Deputy Mayor Fimia seconded the motion, which carried 6-0 and the following items were approved:

(a) Authorizing the City Manager to Execute an Interlocal Agreement Amendment with eCityGov Alliance

8. ACTION ITEMS: PUBLIC HEARING

(a) Public hearing to receive citizens' comments regarding the 2008 Property Tax Levy and Other Revenues; and continued discussion of the Proposed 2008 Budget, including the 2008 Property Tax Levy and Other Revenues

Debbie Tarry, Finance Director provided the staff report regarding the proposed 2008 property tax and other revenues. She reminded the Council that the 2008 Budget totals \$93.9 million. She reviewed City expenditures by category. There are increases in fees tied to inflation, she said. She highlighted property taxes and new construction in the City. She explained the I-747 property tax limitation and how it affects tax revenues. She noted that tax collection has not kept up with inflation and said the future impact to the average property owner will be seen through different levy increases.

Councilmember Hansen arrived at 7:35 p.m.

Ms Tarry continued and compared the different levies and their impacts on property owners. She discussed banking funds for a "future substantial need" and commented that the City staff believes it is prudent to bank any additional capacity for future budget gaps. She said all of this is something the Council can consider in future years.

Mr. Olander added that if funds are not "banked" they are lost for that future opportunity.

Ms. Tarry noted that Governor Gregoire has asked cities to limit levy increases to 1%. Additionally, she said the State legislature action is unclear and the City has to submit property tax levy information to King County by November 30. Therefore, action needs to be taken by November 26 and three decisions to be considered: 1) what rate the levy will be; 2) what base amount it will be applied to; and 3) whether to bank the extra capacity. She added that the City staff recommendation to the Council is that they bank any unused capacity for future use.

Deputy Mayor Fimia clarified that assessed values have gone up 9% and the property tax rate is going down. However, she asked if that affects the homeowner in any way since they still have to pay taxes based on their property value.

Ms. Tarry explained that the cap on the property tax increase is lower than the overall valuation is going up, therefore the rate is going down. Additionally, there are some jurisdictions that adopt a flat amount of their levy which means the rate will still go down.

Deputy Mayor Fimia inquired about the rates that the County and State adopted. Ms. Tarry explained that the State and the school districts adopt a levy amount as approved by the voters and it isn't subject to the 1%. The county, fire district, and library district are subject to the 1% limit. She added that the fire and library districts have already gone out for levy lid lifts and their portions have increased already.

Deputy Mayor Fimia clarified that the budget gap doesn't start occurring until 2010 and the Council could possibly increase the rates next year after discussions with the community. Ms. Tarry stated that could be the case as long as Council takes action to bank the capacity. She also clarified that the City can decide what the base rate is. She further explained that the budget shortfalls were supposed to begin in 2009, but because Council took interim steps with the utility and cable taxes it won't start until 2010. However, she cautioned increases still wouldn't cover shortfalls after 2010.

Councilmember McGlashan stated that even if the City was to increase the property tax to the highest extreme, a 6% base, it still wouldn't cover the shortfalls in 2010. Ms. Tarry concurred and said that is the assumption of the City staff.

Councilmember Way asked for an explanation on the banking capacity. She asked how will it impact the taxpayers if the City chooses to do it. Ms. Tarry responded that there will be no impact today, but it really says "the City is reserving the right at any point in the future to increase taxes beyond the 1% rate."

Mr. Olander said the reason that was put into Referendum 47 is that it was an incentive for cities to reserve it later.

Ms. Tarry explained that the Council must adopt the ordinance by a majority +1 vote and it tells the assessor that the City isn't levying the funds now, but at some point in time Council can execute it without an election.

Councilmember Way asked if the "banking" option would be null and void if the legislature states they are going back to the 747 rate. Ms. Tarry said the legislature may implement the 1% cap, but it may be that they cannot get the difference between the Implicit Price Deflator (IPD) and 1% growth for the previous years because the law can't be retroactive.

Councilmember Ryu inquired that if the City was to bank, would the percentage or the base be banked. Ms. Tarry explained that the difference between whatever the City levies and the maximum that the City could have levied would be banked.

Councilmember Ryu stated that the Council doesn't want to promise taxes will only go up a certain amount because the assessments may go up or down depending on King County. She asked about nonprofits that purchase properties and other non-governmental entities like the YMCA. Ms. Tarry clarified that they pay property taxes. She said only schools, colleges, churches, and fire districts are exempt.

Councilmember Gustafson asked why there is such a huge discrepancy between the 2008 new construction value and what the City received from King County on November 19th. Ms. Tarry said it is a timing issue related to when the new construction values come in. She said it is unfortunate that the City doesn't get information throughout the year. She felt it is also primarily related to the North City apartments because a certain percentage of the improvements must be done in one year before they can be included in the tax roll for the next year.

Responding to Councilmember Hansen regarding the levy rate, Ms. Tarry stated that slide 21 utilizes the new base and figures it retroactively on what the maximum levy could be. This would bring the level back to \$1.11 because 6% is what we could have levied for prior years, which is what the King County Assessor calculated if Referendum 47 had been in effect.

Mayor Ransom requested a look at slide 17 and said there is a substantial need for a maximum of 6%, but he isn't sure when that would begin. Ms. Tarry said that if Referendum 47 is applied and if the City wants to levy something more than the IPD, a majority +1 is needed to approve it.

Mayor Ransom clarified that anything above an IPD of 2.084% would require five Council votes. Ms. Tarry also added that this vote is different from a vote on the banking capacity.

Mayor Ransom opened the public hearing.

(a) Dennis Lee, Shoreline, noted that the Planning and Development Services (PDS) department is a self-sustaining department funded by permits. There are land use issues and he has concerns that when the process is designed PDS will become strapped with the bill. He urged the Council for a placeholder to make sure that land use rules, regulations, and the Comprehensive Plan are done correct, no matter what it costs. He concluded that if PDS is running efficiently, money will be saved in the long run.

(b) Richard Olmstead, Lake Forest Park, stated he is the President of the Kruckeberg Foundation. He introduced Board Members Kathie Morino, Bill Schnall, and Executive Director David Berger. He spoke about the service agreement and purchase/sale. He noted that the Parks, Recreation and Cultural Services Department (PRCS)

supported them with funding in their budget and outlined Art Kruckeberg's background and experience. He shared the structure of the Kruckeberg Foundation, its board, mission, membership, and other pertinent information. He concluded that KBG is extraordinary and he looks forward to a long-term partnership with the City of Shoreline.

(c) Wendy DiPeso, Shoreline, suggested that the Council not raise taxes by more than 1%, but it must ensure whatever services it provides the public is aware of them and it is what the public wants. She said the public wants programs focusing on a housing trust fund, safety, crime, the shifting of funds from incarceration to prevention, and a program for the developmentally delayed by possibly partnering with the YMCA and/or Fircrest. She asked if there was a budget to maintain medians and sidewalks on the Interurban Trail so that snow can be removed in the winter. She said people fear higher taxes because Initiative 747 was thrown out, however, it appears this Council will not raise taxes and the public appreciates that.

Deputy Mayor Fimia commented that the Council will not be voting on the budget until next week, so people can still give public comments.

Deputy Mayor Fimia moved to keep the public hearing open, seconded by Councilmember Ryu.

Councilmember Gustafson said a decision needs to be made based on the information the Council heard today. He hoped the public gets questions and comments in by at least Wednesday, November 21st. He communicated that public comment received at the last minute is difficult to consider. Councilmember Ryu agreed and added that the public hearing should be left open until Monday because the information from King County came today. She urged the public to submit comments or opinions as soon as possible.

A vote was taken on motion to keep public hearing open, which carried 7-0.

Mr. Olander commented that PDS isn't self-sustaining and the Comprehensive Plan and long-range planning are not supported by permit fees. Additionally, he said the Foundation and the purchase and sale agreements for the Kruckeberg Botanical Gardens are on next week's agenda for Council review and possible adoption.

Mayor Ransom said the City has a range of options concerning this item, whether to use King County's figures, our earlier figures, or something in between. Ms. Tarry agreed, but there may be legislation coming to change that. However, today there are options available.

Mayor Ransom asked if funds can be banked all the way back to when Initiative 747 was passed in 2000. Ms. Tarry responded affirmatively, and the City can bank the difference between \$8.4 million and \$7.3 million. The highest amount that can be banked, she explained, is the difference between the IPD and 1% for 2001 through 2007, and possibly the difference between whatever the Council adopts between 1% and 6%.

Councilmember Ryu discussed slide 19 and asked if it was the IPD applied from 2001 to 2007 that makes the difference. She commented that there are still unknowns and many things could happen. She questioned if it would make sense to authorize the 1% at the current base and then pass the various ordinances which are subject to whatever the higher authority dictates to the City.

Ms. Tarry said her recommendation is that the levy the Council adopts should be what they want to assess for a levy next year. For example, if the Council wants to institute a 6% levy and the legislature said the highest a city could levy is 1%, King County will automatically reduce the City's levy rate. She said it is important for the Council to determine what is a comfortable level for the levy. At a minimum, she recommended 1% which is based on the 2007 base. Additionally, the Council should bank the difference between what is levied and what is allowed to be levied in the future.

Mr. Olander noted that the City can't adopt a 1% levy and raise it at a later date if it is allowed. Ms. Tarry explained that this is why she recommends banking because it is protected and in the future the Council would have the option to access it. Mr. Olander added that to utilize banked funds takes a majority +1, or five votes of the future Council.

Deputy Mayor Fimia asked when the funds could be utilized if the City decides to bank and votes to use it. Ms. Tarry stated it would go into effect when the property tax levy is set, once a year, during the budget process for the following year. Mr. Olander explained that funds can be partially utilized, so they don't have to be used all in one year.

Deputy Mayor Fimia cautioned the Council to proceed cautiously because the public won't take kindly to raising the levy; even the banking may be perceived as not following what they voted for.

Mr. Olander pointed out that some legislators want to raise the rate and some want to keep it the same. He felt that people understand the fact that costs keep going up and 1% doesn't cover the City's expenditures. The Association of Washington Cities (AWC) is looking at some rate other than 1%, and maybe that will be advocated in the legislative process.

Ms. Tarry added that in those discussions they are going to recommend that the legislature not take action to allow local cities some flexibility.

Councilmember Gustafson agreed the Council should be cautious. He believed the City is going to have to establish a citizen's advisory committee on long-term finances and at least there are some options with banking. He said the Council should listen to the advisory committee then make decisions based on their feedback.

Councilmember Way agreed that the Council needs to be extremely prudent and not exceed the expectations of the taxpayers and be watchful of what the legislature is going to do. However, she felt it would not be prudent to use the banking capacity, because you can't go back. She explained that she isn't talking about the actual funds, but the concept.

She added that it seems like the City should reserve that capacity for any eventuality. She questioned if there is a disadvantage to banking other than perception. Ms. Tarry said that she wasn't aware of any.

Councilmember McGlashan commented that the Association of Washington Cities (AWC) is probably going to suggest a rate higher than 1%, but also recommend banking. He asked if there was any possibility that the legislature is going to abandon banking. Ms. Tarry responded that the legislature couldn't throw out banking the difference between IPD and the 1%. She further explained that banking doesn't mean you're assessing the funds at all.

Mayor Ransom supported banking, but it takes a difficult two-thirds vote to approve it and an even more difficult two-thirds vote to use it. He commented that it would be rare and judiciously considered before the Council would use it. He strongly supported and encouraged the Council to support it. He added that whether it is at a 1%, the 2.084% IPD, or the 3.5% CPI, it needs to be considered over the next week. He added that in construction there is a problem with the price of asphalt and concrete going up with the cost of living. He added that there hasn't been any discussion with some of the other topics such as the \$20 automobile license fees from the County.

Mr. Olander stated it is ironic and frustrating that the County is taking credit for the 1% property tax limit, but within last month the County increased the property tax levy rate by ten cents for the flood control district, ten cents for the passenger ferry district, and an additional tenth of a percent sales tax on mental health. He noted that the City is being prudent and efficient; meanwhile, the County is raising property taxes.

Councilmember Hansen commented on the banking issue and stated that the tax is not assessed. Banking it puts the taxation off for at least one year to give the City options in the future. He added that it would be silly to cut those off. However, he is unsure of what the City should do about levy rate because in the long run the City can't have one-third of all revenues limited to a 1% increase and continue to function. He stated that something is going to have to be done in the future, either by cutting services or raising taxes to the CPI inflation level.

Councilmember Ryu questioned if the IPD is always less than the CPI. Ms. Tarry responded that it has traditionally been the case. Councilmember Ryu noted that the retroactive maximum levy is going back to 2001 and is less than 10% because it hasn't kept up with the CPI. She added that it makes sense to go with a new base because it doesn't even keep up with assessed market value. She added that if the Council passes a 6% levy for banking there would be a huge backlash by taxpayers. The economy is slowing, so she suggested the City stay with a 1% rate for 2008. She said she appreciates having that capacity because new construction values have increased and it is important to balance property tax rates for all homeowners. She said the only way to increase funds is to add capacity by encouraging new construction; at least this won't cut future capacity out for future Councils.

Deputy Mayor Fimia asked if the language would be different than "banking." She added that this is really is an option. Mr. Olander said he and Ms. Tarry would check the statute, and that "reserving the future capacity" may be better terms to use.

Councilmember Ryu commented on the November 8 memorandum from Ms. Tarry concerning incremental preventative programs. She said there was \$40K earmarked for the YMCA. She asked if there was any room to do a crime diversion program for youth at the YMCA with those funds.

Dick Deal, Parks, Recreation, and Cultural Services (PRCS) Director, stated that the City hasn't negotiated with the YMCA. However, there has been some discussion about a developmental disability program and an aquatics program.

Councilmember Ryu asked Mr. Deal to talk to the YMCA about a program for children in grades six to eight. Secondly, she supported some type of anti-graffiti program in the 2008 budget. She said she supports a program that would keep children occupied. She suggested that the Council revisit the business licensing program if it offers businesses some kind of return, maybe graffiti removal assistance. She concluded that she would like to see this brought to Council for consideration next year.

Councilmember Way spoke about graffiti removal and that there are three separate programs already being considered in the budget. She said it is on page 202 of the PRCS budget, on page 126 in the Community Services Department (CSD) budget, and on page 175 in the Police budget. She commented that they all can work toward graffiti removal by combining their efforts and creating a team and starting a trial program.

Mayor Ransom said there was a vendor who targeted graffiti and how to remove it inexpensively. He said the Assistant City Manager has also received a copy of the material. He said everyone should look at it and maybe the City staff can do a 15-minute presentation on it. With regard to human services and mental health, he said the issue with the Jail Assembly Group (JAG) is that the average stay is only five days in jail, but people with serious mental illnesses are there longer and take considerably more treatment. The JAG, he highlighted, has been trying to address the \$50 million in the 1% sales tax, and hopefully in the future this will be included as a part of the jail funding. He noted that the current program for developmentally disabled children is limited to 7-10 children, which is a small number. However, these children need one-on-one supervision which makes the cost of the program very expensive compared to other programs. He noted that some of the parents want to see a program with over 100 children in it; however, the City doesn't have funding for something that overwhelming. He said he would like to see something on a much more limited scale.

Mr. Deal said the City is still in the process of drafting what that program would be. He commented that the City is in discussion with the schools and said there is a need for nursing in the program. There has been discussion with the nurses in the school district to determine the need. He said the program in place now has a 3:1 ratio and as more staff are available the program could grow.

Mayor Ransom commented that he still feels a business licensing program would be very beneficial for the City. He said the City could get a list from the Washington State Department of Revenue to give the City a good index of those that have registered. The revenue should be considered and the program would pay for itself and maybe more, he outlined. Business licensing would give the City a great deal of additional data, he said. He urged the Council to consider this again.

Mr. Olander suggested the possibility of business licensing be left to the newly-formed Council and could be brought back next year.

Deputy Mayor Fimia suggested a program targeting at-risk youth, litter pick-up, and graffiti removal. She said this could be a jobs program, managed by the YMCA, which could target after-school junior high school kids. She said she has her annual request of lowering the travel, food, lodging membership dues budget and she will propose the amendments formally next week. She added that the School Resource Officer (SRO) is a high priority. She understands that the school district doesn't have the funds to match the City funding, but the problems don't go away. She commented that before raising taxes, the budget must be "scrubbed."

Councilmember Ryu added that the City Council proposed travel budget for 2008 is \$31,800 or \$4,542.86 per member and registration expenses of \$7,500 or \$1,071.42 per member. These figures, she said are on page 8-9 of the November 8 memorandum from Ms. Tarry. She said she will request that each Councilmember commit to stay within that budget amount next year. She referred to page 113, the Economic Development Business Attraction and Retention program and said that effectiveness is measured by the percentage of City assessed values that are commercial versus the sales tax per capita. She would like a full report from the Economic Development Department on what more can be done. She commented that in July 2008 the City is supposed to have a destination-based sales tax in place in Washington. She wondered what the impact of this would be to Shoreline.

Ms. Tarry replied that the 2008 Budget includes about \$50,000 in additional sales tax revenues, which is expected to grow each year.

Councilmember McGlashan discussed the developmentally disabled program and said the 3:1 ratio is for new employees. He said he didn't have any issues with cutting travel, but it becomes an issue when Councilmembers are asked to be on national organizations, committees, and board that require four trips per year. He added that he thought the SRO was important but it should be done through a partnership with the school district.

Mr. Olander commented that he discussed this with the school district and they still indicate it as a high priority. However, providing SRO services with overtime is an inefficient way to deliver services. The Shoreline School District (SSD), he noted, wants two SROs which will divide their time between the high school and the middle schools. The SSD is currently not in a position to fund them now, but maybe next year they will

be. He felt it is important to have a partnership on this and believed the SSD has to contribute equal funds so the City knows it is of high value to them. He felt the City should not fund the entire SRO program.

Councilmember McGlashan said he hasn't heard anything about where the extra funds from the tax levy would be targeted if the higher rate is approved. Ms. Tarry stated that it would be a Council decision. She added that the City shouldn't allocate any funds into programs until the legislature takes action.

Mr. Olander commented that it would be tempting to reserve the funds for additional services, maybe an SRO or additional resources for anti-litter and graffiti. The City staff would recommend the funds be set aside for reducing future budget gaps, in order to ask the public for less money and to retain more basic services. He concluded that if the City is close to being in a gap situation then it shouldn't be adding more services now.

Councilmember Ryu questioned if the City should consider an additional partnering with Lake Forest Park if the second SRO position is funded.

Mr. Olander responded that the City would have to take the leadership role and ask Lake Forest Park if they are willing to participate. However, they are also in a constrained budget situation and it would be hard for them to assist in the \$138,000 funding as well.

Councilmember Way suggested doubling the capacity of the summer camp special needs kids from 10 to 20 children for a program up to five-weeks long. She commented that it would make sense to have a Kruckeberg Botanical Gardens budget proviso on the agenda before the budget at the next meeting. Mr. Olander responded that it has been discussed at length that there is a one-time allocation for three years in the budget.

Councilmember Way added that she would favor a proviso in order to have an annual review of the finances. Mr. Olander agreed and said there certainly would be a need to track fundraising and volunteer goals and there are some reporting requirements in the agreement.

Councilmember Way thought there should be a Councilmember be on the Kruckeberg Botanical Gardens board. She added that she supported the SRO. She recommended impact fees be a topic for the proposed committee on finances and maybe a future Council meeting agenda item.

Mr. Olander commented that the City is still searching for ways to work with YMCA and pointed out that the City staff can't undertake an anti-litter and graffiti program. He added that even the City's volunteers are busy. This would require one volunteer coordinator on the City staff to recruit, train, and prepare tasks. He suggested the Council hold off on the SRO until the SSD is ready to partner with the City. Regarding travel funding, he noted that it has been cut over the past few years. He felt that training made up the bulk of the travel, membership, and lodging budget and it is integral in retaining professional City personnel.

Councilmember Way commented that whenever the City has a graffiti incident the PRCS staff takes care of it rapidly. Therefore, she felt that the City has some capacity to deal with the issue. She assumed there is a budget or an expectation for the City to remove graffiti already.

Mr. Olander said it is built into the City staff time because the key to confronting the graffiti problem is making sure it gets removed quickly. He added that the issue is whether the program gets expanded to the private sector. He stated that there are 57 separate strategies relating to the Council work plan, in addition to all the day-to-day work that needs to be done. He concluded that if the Council wants to add new programs there need to be more resources or a reallocation of current resources.

Councilmember Ryu commented that the Council of Neighborhood meetings are not being attended as well as they used to be. She said maybe the residents could get together and combat the graffiti issue.

Mr. Olander felt the challenge would be finding positive things for neighborhood groups to do, but getting them together in the first place would be a modest first step. Councilmember Ryu suggested recognizing businesses as Council of Neighborhood members.

Councilmember Hansen discussed the budget and said the City staff has done a lot of work to cut it down as much as possible. He highlighted that on page 53 the 2008 revenue is projected at \$28M and expenditures are projected to be \$27M, leaving an \$800,000 positive balance. He said he will support it the way it is. He felt that the remaining items being discussed are really very small and believed the City staff can work it in if there is a need. He said it doesn't require a major budget discussion to reduce a line item. He felt the City Manager has enough authority to move the funding around when necessary. He added that if the City finds more revenues the fund balance will decrease from \$3.6 million to \$2.8 million by the end of 2008. He said he wouldn't be bothered if there are some additional funds coming in. He commended the staff and appreciated the process.

Mr. Olander highlighted that there is one adjustment that the Council should do. He explained that there was \$54,000 set aside in the budget. He said he would like to utilize \$20,000 to undertake the summer camp for seriously disabled children.

Councilmember Hansen agreed that there is a need for this and said the City Manager already has the authority within the budget to fulfill the need without any budget adjustments.

Mayor Ransom supported the training budget and said the City is spending less than half of 1% for it. He commented that the City has very efficient employees. He also commented that the Council budget hasn't been raised in years, even with the cost of flights, hotels, and other expenses going up.

MEETING EXTENSION

At 9:46 p.m., Councilmember Ryu moved to extend the meeting until 10:15 p.m. Councilmember Gustafson seconded the motion, which carried 7-0.

EXECUTIVE SESSION

At 9:47 p.m., Mayor Ransom called for an Executive Session for a period of 30 minutes to discuss one personnel item.

9. ADJOURNMENT

At 10:15 p.m., the Executive Session concluded and the regular meeting reconvened, after which Mayor Ransom declared the meeting adjourned.

Scott Passey, City Clerk

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