

**CITY COUNCIL MEETING
TUESDAY, OCTOBER 19, 2010
CITY HALL
22710 E. COUNTRY VISTA DRIVE
7:00 P.M.**

INVOCATION

Given by Council Member Kaminskas

PLEDGE OF ALLEGIANCE

Led by Mayor Van Orman, City Council and City Staff

CALL TO ORDER

Mayor Van Orman called the meeting to order at 7:06 p.m.

ROLL CALL

Mayor Pro Tem Crump
Council Member Kaminskas
Council Member Owens
Council Member Romney
Council Member Schuler
Council Member Beckett
Council Member Langford

Ann Swenson, City Clerk
Doug Smith, Comm. Dev Director
Brian Asmus, Chief of Police
Sean Boutz, City Attorney

AGENDA APPROVAL

Mayor Pro Tem Crump move to approve the Agenda with the modification of moving Citizen Comments to Agenda Item 8b. Council Member Langford seconded the motion, which carried unanimously.

PRESENTATION

Mayor Van Orman then introduced Mr. John Driscoll, Executive Director of Project Access, who conducted a presentation. He provided background about Project Access and spoke about its mission. Project Access is a volunteer network of physicians that provides comprehensive medical care to low-income, uninsured people. So far in 2010, Project Access has approximately 30 Liberty Lake residents enrolled in the program. For every dollar donated, the project provides \$12.20 of direct healthcare. Project Access seeks annual funding from local governments to help fund its pharmaceutical program and operations. Mr. Driscoll made a request for \$10,000 from the City, but stated he recognized the current budget situation. He said anything Liberty Lake can do to help would be most appreciated. Council Member Schuler gave kudos to the program and gave thanks to all the physicians in the community who donate their time and money throughout the year. In closing, Director Driscoll announced Project Access is also looking at moving into providing dental services in the future.

MAYOR AND CITY COUNCIL / COMMITTEE REPORTS

Community Development Committee: There was no Community Development Committee report.

Finance Committee: Mayor Pro Tem Crump reported the Finance Committee met with members of the Library Board and Library Foundation and discussed the budget. The committee also reviewed vouchers. Mayor Pro Tem Crump reported the Finance Committee met last week to review council and citizen requests and looked at transparency disclosure issues.

Public Safety Committee: Council Member Kaminskas reported the contract negotiations continue and a union vote is anticipated Friday, October, 22nd. The committee discussed new grant-funded radio systems that will be implemented next year and an upcoming youth leadership summit. Council Member Kaminskas reported K9 training has been completed by Officer Van Hyning and JJ, who graduated at top of their class. LLPD will participate in a new grant opportunity for funding new radar equipment in 2011. Chief Asmus will participate in a gang-violence roundtable for preventative measures. The committee also discussed the reverse 911 system and the November 16th opening of Spokane Valley Fire District Station 10 in Greenacres.

Mayor Van Orman reported the City was awarded enhancement funding for the sidewalk improvement for Valleyway/Lakeside. After the engineering study has been completed, construction will take place June through September of 2011. She also reported Rocky Hill Park has been completed. The Grand Opening will be Saturday, Oct. 30th.

Mayor Van Orman thanked the packed house for attending this evening's meeting. She then provided some background on the current budget. The City has carved \$1.3 million out of its budget since 2008. She referenced Washington State's Chief Economist, Dr. Raha's explanation that the recession ended in June, 2009, and pointed out private sector is now seeing a hiring increase. The public sector, however, is now being affected by layoffs. Mayor Van Orman said recovery from the recession will be a long haul, and the next steps that are taken by the community will be pivotal determinations affecting the quality of life for generations.

She stated she did not want City employees to hear about reductions through the media as a result of this Council meeting. She then outlined the proposal to close a \$700,000 forecasted gap in the city's budget. The Project Planner/Energy Coordinator will be laid off October 31, 2010. On November 12th, Trailhead golf course will shut down for the season, and the two FTEs affected by the closure have been personally notified. Pending the outcome of the 2011 budget, service reductions will also take place at the Liberty Lake Municipal Library. Hours will be reduced from 46 up to 24 hours per week, effective December 31, 2010. Mayor Van Orman announced she will present the Mayor's budget, with narratives and line items, during the November 2, 2010 City Council meeting. She then turned the floor over to receive citizen comments.

CITIZEN COMMENTS

Ron Johnson, 24505 E. Gage, Liberty Lake, WA stated he is a golfer who got word about Ron Knudsen and Mollie Thola being let go. He asked what the Council's intentions are for next year, stating "they were the money makers." He spoke about the classes Mollie provided, talked about attending lessons next spring, and suggested the Council could have cut other places.

Steve Peterson, 719 N. Lancashire Lane, Liberty Lake, WA The former Mayor of the City stated there is a good deal of misunderstanding amongst the public as to the direction the City is taking right now. He said the core is around finance, but the heart is maintaining the core opportunities the City has, and what has been built up. He spoke about both the library and the golf course being created as core gems, and provided some background on each. He commented, "Once you get rid of the core employees, the heart of the service goes away. You get rid of the core people, you get rid of the core tree, and it is going to fall over dead." Mr. Peterson commended LLPD Chief Asmus for the way he operates the department within the budget constraints, noting LLPD has not seen a budget increase in four years. Mr. Peterson suggested, "We need to really sit down as a city and look at what our priorities are, where we're going and what the future is." He claimed the City has been committed to providing essential services and that same commitment should be made tonight. He also spoke about the City's \$1.3 million dedicated to a reserve fund, and suggested using some of those funds to level out the deficit before 2013.

John Loucks, 908 N. Oakmont, Liberty Lake, WA spoke as a President of the Liberty Lake Municipal Library Board. He provided some history about moving here from Liberal, KS approximately two years ago and first introducing himself to the Council when applying to serve on the Library Board. He talked about the growth of the library since that time, and said, "In spite of these successes, we have some pressing concerns." He spoke about the budget cuts, including a \$130,000 reduction for next year and a proposed decrease of staff and library hours. He asked questions such as, "Why is it that the library seems to bear much of the brunt of the city's budget cuts during this time of economic recession?" "Why did we build a lovely library and then not provide adequate funding for its day-to-day service?" "How are we going to keep our librarians, Pamela and Georgette, as part-time staff in the future; what are they going to do without medical benefits?" "What are the school children and homeschooled children, who rely on our library, going to do if they don't have daily access to the library?" Mr. Loucks also advocated for the unemployed citizens who use the library's resources in their job search efforts. He pleaded with the Council members to not stand in the way of allowing the proposed cuts to happen.

Claire Baker, 20201 E. Pheasant Drive, Greenacres, WA stated she lives in rural Greenacres, doesn't have a lot of access to services there, and comes to Liberty Lake frequently. She said her family loves to read and they use the library services quite a bit. She spoke about the disappointment her daughter and the other kids at a local daycare experienced when they couldn't attend the recent story hour at the library, and how she was surprised to find out the daycare director was not aware of the library services being cut. Ms. Baker tearfully stated, "I don't know what to do or how to explain to you how important library services are, but I wanted you to understand a real-life example of people who use the library." She claimed the city promotes a lovely image, but commented that image isn't supported by a town that doesn't have a library, and the claims of being family-friendly perpetuate a falsehood.

Lynn Beatty, 17722 E. Apollo, Greenacres, WA is a current city employee who works in the pro shop at Trailhead, who expressed his concerns about costs. He stated he doesn't feel the city has done a good enough job of asking employees and golf patrons for ideas of what can be done at the golf course. He referenced a letter regarding beverage sales the Council received from him a couple of months ago about losing money on concessions. He also expressed concern about the decision to install video equipment in the pro shop, the cost that goes into running that equipment, and now unnecessary need for the equipment because of the seasonal closure of the golf course. He spoke about Mollie's expertise as an LPGA. He explained if she were to leave permanently, \$27,000 would be lost in sales for lessons. Mr. Beatty thinks there are opportunities to reduce costs without affecting quality. He said it's all about getting more people into Trailhead to play. He asked the Council to provide staff with an opportunity for them to come up with some ideas on how they think improvements can be made, either by increasing

sales or reducing costs.

Jonah Ohlscamp, 1124 N. Homestead Drive, Liberty Lake, WA said she is a single mom, who cannot afford to buy the hardback books that her children are used to having. She stated her son walks to the library and to Trailhead to use their services, and talked about recently moving here because it is a safe community. In closing, she stated, "You can build libraries or you can build prisons; it's what you want the kids to be exposed to."

Dennis Reiger, 18721 Marlin, Spokane Valley, WA stated he sold Trailhead's property to the city. He asked the mayor and council if any of them knew how to grow grass, then said, "well, you're about to lose the best guy that you could ever get to grow grass." He also asked, "Do you have a plan to open that golf course next year? Do you plan to have those two people back?" He questioned whether he would receive a check from the city. He expressed his uncomfortableness in approaching the council, noting people have spoken to him about the inadequacies of the council, commenting he understands those people. Mr. Reiger implored the council to consider what they will do if nobody knows how to run the golf course next year. He said the golf course is in the best shape he's ever seen it. He again commended the work Ron has done with the course, and stated he hoped the council has made some sort of arrangements so that both he and Mollie would be back next year. He also offered his assistance to the council, should they need help with anything.

ACTION ITEMS

Consent Agenda: Mayor Pro Tem Crump moved to approve the City Council Meeting Minutes from October 5, 2010, seconded by Council Member Schuler. Motion carried unanimously.

Mayor Pro Tem Crump moved to approve the checks through October 19, 2010 in the amount of \$188,483.96. Council Member Schuler seconded the motion, which carried unanimously. Check sequences were 13179 through 13227.

SECOND READ ORDINANCE

Ann Swenson, City Clerk, read Ordinance No. 188 into the record, an Ordinance of the City of Liberty Lake, Washington Establishing a Utility Tax to Provide Revenue for City Services and Capital Requirements; Setting Penalties for Noncompliance; Providing for Severability; and Establishing an Effective Date.

Mayor Pro Tem Crump moved to approve Ordinance No. 188, seconded by Council Member Owens.

Mayor Van Orman then discussed some background information about the city's tax history. She talked about how the city has saved taxpayers money over the years by removing the county road tax, not increasing property tax, and creating the municipal library. She acknowledged the legislative and executive branches have been good stewards of the taxpayer's money and have stretched it as far as possible. She spoke about the 16-22% decline in sales tax revenue since 2008 and the need to find a less volatile revenue source, emphasizing the administration has and continues to take necessary actions to cut down discretionary services and streamline processes. Mayor Van Orman acknowledged it is time to invest into the community to provide a sustainable revenue source, assuring the vision on which Liberty Lake was founded. She then turned the floor over to Community Development Director, Doug Smith.

Director Smith addressed information contained within the Ordinance. The Ordinance imposes a 6% utility tax against all utilities and will generate approximately \$825,000 annually. It is

estimated the impact to the average household will be approximately \$200 annually. Director Smith explained the funds collected will be directly deposited into the city's general fund and the City Council has discretion of those funds during the budget process. Implementation of the Ordinance becomes effective December 26th. There is also a review period six months into the collection process, at which time the council would have the opportunity to review the revenues collected and determine whether the revenues meet expectations or budget shortfalls, and can adjust the tax percentage within the 6% range accordingly. Director Smith also pointed out Section 15, which provides tax relief to seniors and disabled low-income individuals.

After brief discussion and review, the council asked for clarification for the intent of the tax relief provision of the Ordinance. Council Member Owens made a friendly amendment for clarifying language to revise Section 15, specifying that a person, in order to receive tax relief, must meet two criteria: senior and low income or disabled and low income. Mayor Pro Tem Crump accepted the friendly amendment.

After no further discussion and prior to the vote, Mayor Van Orman opened the floor to receive citizen comments.

CITIZEN COMMENTS

Steve Peterson, 719 No. Lancashire Lane, Liberty Lake, WA spoke in fundamental opposition to the utility tax. He said the way the council is using it "becomes almost like a slush fund". He implied that as the community grows, the money keeps going up and there will be more money to spend. He spoke about the past council's commitment not to have a utility tax. He also referred to a recommendation by Municipal Research and Services Center (MRSC) that every utility tax include a referendum clause, which was not included in this Ordinance. Mr. Peterson also pointed out a discrepancy between the Ordinance and another recommendation by MRSC regarding cable television services. MRSC states cities cannot collect tax from satellite television, except for the sales of equipment. The former mayor counseled he would not vote for this Ordinance, especially without any constraints.

No further citizen comments were received, and Mayor Van Orman again opened the floor for council discussion.

Councilman Romney responded to the slush fund comment, stating he didn't see the utility tax differently from any other tax currently in place. He replied property tax and sales tax would likewise grow in their revenue bases with any population increase. He emphasized the importance of understanding by members of the council and the population at large about the nature of this tax. He said the council has to use the taxpayer's money to run the City in the wisest way possible, and he doesn't see how raising taxes and/or cutting services in some degree can maintain city government as it now stands. He stated the actions this council has proposed are prudent, and that he personally regrets those who are pained and disadvantaged by the budget cuts.

Council Member Langford asked for clarification about Mr. Peterson's references to MRSC's recommendations. City Attorney Boutz concurred MRSC's recommendation for referendum language is correct, but clarified it is not a statutory requirement and is only a recommendation. Attorney Boutz stated there is no known legal decision that has interpreted whether such language should be included in the utility Ordinance. In regard to satellite programming, Attorney Boutz stated that too is correct; that federal law prohibits the tax collection from satellite TV providers. The city's Ordinance cannot preempt federal law, and collection would be prohibited. Council Member Langford then responded to the inference made that somehow this governing body is responsible to a prior governing body's decision, stating "That simply is not so". He explained the former governing body was not in perpetuity, and expressed that times,

economics, and priorities change. He commented he didn't want anyone thinking there's been any type of failure to keep a prior pledge.

Council Member Schuler thanked everyone who attended tonight's meeting, stating she wished as many would show up on a regular basis. She said she would prefer to see people participate in the process rather than after the process. Council Member Schuler stated it goes against her grain to even consider raising taxes on herself and other people, but the council has to address the sustainability of the city and its quality of life. She stated it saddens her that people feel this body is inept because the decisions tonight are not easy decisions and the members are genuinely doing their very best for the citizens. Council Member Schuler also pleaded with residents to take the time to be educated on the issues.

Mayor Pro Tem Crump clarified that, if passed, the Ordinance cannot exceed 6% without a vote of the people. He then reviewed the mandatory services for a city, commenting that they do not get to the heart or the core of what the city is. He also shared that the council members have gone line by line to review the budget and several members have talked with the Mayor about suggestions for the proposed 2011 budget. He talked about the reserve funding, saying it would only be a temporary fix. Mayor Pro Tem Crump then explained how the city receives funds biannually from its two main sources of revenue; property and sales taxes. He said, "You have to have enough in the bank to make the payments until those revenues come in".

Council Member Owens, speaking as a veteran council member, said she remembers the previous discussions about fundamentally opposing utility taxes. She said that hasn't changed, but it is now necessary to raise revenue. She emphasized that she does not want to cut library services, but referred to the need to provide essential services such as street maintenance and public safety. Council Member Owens said she loves Liberty Lake, and stated she has served this city since November of 2000, putting in hard and long hours. She commented she disliked the idea that people think the council takes this situation lightly.

Council Member Kaminskis reiterated Council Member Schuler's comments about the public participation. She reminded the people about council members' accessibility by email, phone, or in person. She stated she personally does not hear much from many of the residents, and said more input is greatly appreciated.

CITIZEN COMMENTS

Dennis Reiger, 18721 Marlin, Spokane Valley, WA said he is saddened there is no memorial for Marion Schneidmiller where she can be remembered.

Valorie Marschall, 927 No. Oakmont, Liberty Lake, WA said, "We've all heard why everybody wants to live here, but the city means we have infrastructure and sometimes we have to pay for that". She said the council should "go for this utility tax and get it done because we need it".

After no more citizen comments were received, Mayor Van Orman called for the vote, to include the friendly amendment previously made and accepted. Motion carried unanimously, and the crowd in attendance applauded their decision.

Mayor Van Orman again expressed her appreciation to everyone for their attendance, support, and input. Mayor Pro Tem Crump asked the public to participate in the budget process during the next couple of weeks.

CITIZEN COMMENTS

Jonah Ohlscamp, 1124 N. Homestead Drive, Liberty Lake, WA responded to an earlier comment made by Councilman Langford. She said, "We are exactly who should be telling you what to cut and what not to cut and what to raise taxes on and what not to raise taxes on."

Chuck Rodman, 905 N. Garry, Liberty Lake, WA said his yard backs up to the Trailhead golf course and that he is a golfer. He said, based on the comments he heard tonight, there has not been a whole lot of thought put into the long-term benefit of the course. He asked what the city's plan is to maintain the valuable city asset during the winter. He stated, "Without somebody knowledgeable to take care of that, you're throwing lots of money out the window because you're letting two people go."

Steve Skipworth, 1419 N. Lancashire Lane, Liberty Lake, WA spoke as president of Liberty Lake Sewer & Water District. He extended an invitation for the District and the City to work together for the betterment of the community as far as helping save some costs.

Mary Munger, 104 Lindeblad Lane, Liberty Lake, WA noted it has not been easy for what the council has had to do. Ms. Munger shared that in last 8 months, she has participated in at least 50% of City Council meetings. She said, "This Council does care and they devote hours upon hours to deliberating what they get information about." She commented, "If you come here with an issue, a hope, a dream, these people will help you find a solution." She urged people to put their desires on the table and fight for them because if there is a way, this council will help.

At 8:56 p.m. Mayor Van Orman called for a five-minute recess prior to entering into Executive Session.

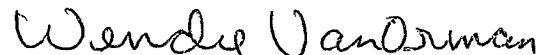
EXECUTIVE SESSION

At 9:01 p.m., Mayor Van Orman called the Executive Session to order as per RCW 42.30.110(h) to discuss collective bargaining. The Executive Session adjourned at 9:23 p.m. No action was taken.

ADJOURNMENT

The regular City Council meeting immediately adjourned following the non-action Executive Session at 9:23 p.m.

These minutes are approved on November 2, 2010.



Wendy Van Orman, Mayor
City of Liberty Lake



Notes and Transcription by Ann Swenson, City Clerk. This Council meeting was also audio taped. Anyone desiring to listen to the recording may contact the City Clerk.