

BLACK DIAMOND CITY COUNCIL MINUTES
Town Hall Meeting of December 13, 2012
Community Center, 31605 3rd Ave, Black Diamond, Washington

CALL TO ORDER, FLAG SALUTE:

Mayor Olness called the regular meeting to order at 7:00 p.m. and lead us all in the Flag Salute.

ROLL CALL:

PRESENT: Councilmembers Deady, Goodwin, May, Benson and Taylor.

ABSENT: None

Staff present were: Pete Butkus, Interim City Administrator; Chip Hanson, IS Manager; and Brenda L. Martinez, Asst. City Admin/City Clerk.

Mayor Olness welcomed everyone to the meeting and explained that Council has devoted tonight's meeting to the 2013 Budget. She further explained that everyone will have a chance to speak once before anyone is allowed to speak for a second time.

PUBLIC COMMENTS:

Mario Sorci, Black Diamond commented he understands the difficulties of being a Councilmember and balancing a budget, but has not seen a statement for the coming year of why growth is important. He stated not feeling that anyone on the Council did a positive statement of why we need growth. He further stated that now is the time to support the growth and get the needed revenue stream started, otherwise each year we will be in the same place with budget

Colin Lund, YarrowBay commented on a statement from the Master Builders Association on what new development brings to communities. He discussed the City of Maple Valley's budget over the years with added revenue from growth. Commented on the five year projection that was provided to Council which included increases to the Funding Agreement obligation. Read page 2 of 25 from the Funding Agreement and asked Council what is the City's plan to reduce Funding Agreement obligations and finding a mechanism to do this. He suggested that as Council looks forward to the future to first take a hard look at the Funding Agreement.

Councilmember Goodwin stated that he appreciated Mr. Lund's comments. He further stated that one of the important things they are doing as a City Council is to understand the funding agreement and the obligations of the City as it relates to the future. He noted it is clear with the information he has seen that since the development will be largely

residential it appears we will be adding to the deficit in the General Fund. There is a need to take the fiscal analysis as prepared and get it down to what it really means and have a requirement that within six months the Mayor and Staff come back with a thorough analysis so Council has a better understanding of the implications it has so they can see where we are going.

Councilmember Taylor discussed the perceptions that some Councilmembers were elected to make the developments go away and noted he did not have this in mind when he ran and doesn't think the others did either. He commented that he understands growth is needed and an MDP is the smart way to go. General Fund is basically fed by business and this is something we have little of and he hopes that development can stimulate business growth so we can get to a point where we are self-sufficient.

Councilmember Benson commented that there is a section in the funding agreement that says that any income over \$500 the City receives from another source other than YarrowBay needs to be credited back to the money YarrowBay pays the City monthly. She noted this leaves the City with no discretionary income so our hands are tied as far as getting out of being dependent on the funding agreement.

Kristine Hanson, Black Diamond commented that the funding agreement can be interpreted different ways so there is a need to be careful. She remembers one of the concerns the previous Council had was that they did not want permit revenue to go back to YarrowBay and we need to get that clarified as it would be tying the City's hands. In looking over Councilmember Goodwin's information that he provided at a workstudy and the need to get more revenue and also to layoff police officers to balance the General Fund, but cautioned as they are finding ways to build up the General Fund you are then turning around and spending the savings on a City Administrator and this concerns her as the City Council is squeezing money out of citizens with all the new proposed fees to pay for this position. She also discussed making the DARE program fully funded by fundraising and would like to see a safety net added that should the required dollars not be raised that Council will make sure there is money in the budget to pick up any deficit.

Mayor Olness commented on the fundraising and believes the fund raising goal can be met.

Kristine Hanson, stated she still does not understand that with a failing general fund and having to increase fees to compensate and then turning around to fund a City Administrator with those increases.

Councilmember Benson responded on having a lot of help from Mr. Butkus on this during the budget process and she is not sure if Council's in the past have had as much information and reports provided. Her understanding is that Council had a whole lot more information to work with during this budget cycle then they have had before and she feels that this area of expertise of using his resources to gather information is valuable and does not believe this has happened in the past.

Councilmember Taylor noted that Council is making sure that a big chunk of all the taxes being increased is going into reserves.

Councilmember Goodwin pointed out that usually when a public safety levy is passed the history is that usually you have seven years before you start digging into the surplus. You try to create a revenue stream and a cost stream that allows you to accumulate a significant amount of surplus. Based upon the data he has the actual amount for getting the one-time windfall from the permitting from YarrowBay (roughly \$220,000) that we actually spent everything we had in additional revenue in 2011 and 2012 we will eat in to that. Typically you try to set it up so you have excess revenue for the first seven years and then you can start eating into it. It is important now that we need to be prudent in coming back and saying let's think ahead for the next five to seven years and create situation that is sustainable. He is hopeful with the help of YarrowBay of trying to unpack the fiscal analysis that was done PP1A that was done which currently shows a deficit to the General Fund, but not in total. Need to know if the model that was created to do this was correct so we can get to the issues Mr. Lund raised earlier tonight which are completely valid and he hopes that we can get to where we will be and have a better understanding of what the future holds. Rather than spend all of the money as we have done in the past we just can't afford to do that as we move forward and his goal is to make this City self-sufficient. He feels it is very important to the City to have an Administrator.

Bill Roth, Black Diamond asked if there has been any thought given to reaching out to the citizens on the needs of the City? Folks could donate to a specific cause or just in general. He urged Council to consider this.

Mayor Olness stated that the newsletter will no longer be mailed out in the bills, but will be posted online with limited copies available throughout various sites in the City.

Vern Gibson, Black Diamond asked about the City looking into paying bills online and also receiving donations online.

Councilmember Goodwin commented that the City is not a 501 (C) therefore any donations received are not tax deductible.

Councilmember Taylor noted that vendors take a hit on the collections.

Mario Sorci, Black Diamond stated that he feels it is very important for the City to have an Administrator. He added needing to look at fees that do not get credited back to YarrowBay such as sales tax. He also added that long term houses do not pay for themselves and the need for businesses to make up for all the money houses are going to take. The City needs to rely on the revenues we can get now until we are big enough to attract larger retail. In closing, we need to start thinking out of the box and we need to start planning now so it will happen.

Colin Lund, YarrowBay stated Councilmember Benson is correct that in section 8 of the funding agreement there is a provision that allows money to be credited back to Master Developer if a funding agreement position performs the work. This was done because you shouldn't have to pay twice for a person to perform the task. He also noted that this

was recognized by the City administration. He further discussed the PP1A fiscal analysis.

Councilmember Goodwin stated that in looking at the fiscal analysis that is provided there is a deficit in the General Fund.

Kristine Hanson, Black Diamond stated the new City Administrator needs to have a good strong financial background and also the need to get a director for finance who can get their arms around the fiscal element of the anticipated growth.

Diana Boxx. Black Diamond commented that Black Diamond citizens can help pass the newsletters to neighbors and is sure folks would be willing to print them off their computers for distribution.

Mayor Olness stated there will be an article in the newsletter letting folks know that the newsletter will be available on-line with only limited copies available at City Hall, Library, Police Department, Post Office and Community Center.

Diana Boxx, Black Diamond praised Mr. Butkus for the wonderful job he has done for the City.

Councilmember Taylor stated that he wholeheartedly supports the DARE program and will make sure it survives.


Councilmember Deady stated that she is completely supportive of the DARE program and is capable of forming a committee for the needed fundraising. She also noted supporting growth and a City Administrator.

Mayor Olness thanked everyone for coming and announced that the next regular Council meeting is scheduled for December 20, 2012 and is the last scheduled meeting of the year.

ADJOURNMENT:

A **motion** was made by Councilmember Taylor and **seconded** by Councilmember Deady to adjourn the meeting. Motion **passed** with all voting in favor (5-0).

ATTEST:



Rebecca Olness, Mayor



Brenda L. Martinez, City Clerk