

The Pullman City Council welcomes you to tonight's meeting. The Council appreciates and encourages public participation. For regular agenda items, an opportunity for public comment is usually provided after the staff report. However, the formality of procedures varies with the purpose and subject of the agenda item; therefore, the Mayor may exercise discretion in deciding when to allow public comment during the course of the proceedings and limitations will be placed on the time allowed for comments. Citizens wishing to comment on business which is not on the agenda will be provided the opportunity to do so under NEW BUSINESS. If you plan to address the Council, you will find a list of "Tips for Addressing the Council" on the public information table in the City Council Chambers. Thank you for your interest in City government.

- A. Roll Call: \_\_\_\_\_ Francis Benjamin                      \_\_\_\_\_ Barney Waldrop  
                                 \_\_\_\_\_ Keith Bloom                                      \_\_\_\_\_ Nathan Weller  
                                 \_\_\_\_\_ Ann Heath    \_\_\_\_\_ Pat Wright  
                                 \_\_\_\_\_ Bill Paul

B. Announcements

C. Confirmation of Appointment - Certified Local Government Ad Hoc Committee

D. Consent Agenda

The items listed under the Consent Agenda are considered to be routine in nature and will be enacted by a single motion of the Council without separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by Council action.

**Motions**

1. Dispense with the reading of the minutes of the regular meeting of October 14, 2008, and approve them as submitted.
2. A motion to authorize a change in staffing from the Waste Water Treatment Plant Digester project (Utility Fund) to Protective Inspections (General Fund) until the end of 2008.

E. Regular Agenda

**Workshop**

3. Pre-Budget Workshop

### Public Hearing

4. 2009 Revenue Hearing

### Ordinance and Motion

- 5a. Ordinance No. 08-18 - AN ORDINANCE APPROVING THE FINAL PLAN OF THE WHISPERING HILLS NO. 4 PLANNED RESIDENTIAL DEVELOPMENT LOCATED SOUTH OF OLD WAWAWAI ROAD AND WEST OF SUNNYSIDE PARK ON SUNNYSIDE HILL.
- 5b. A motion to approve a modified Letter of Direction for Whispering Hills Subdivision No. 4.

### Discussions

6. Snow Removal Discussion
7. Status of Rental Registration/Costs/Public Records
8. Status of Stormwater Issues

### F. New Business

Members of the public may bring items of new business to the attention of the Council under this agenda item. However, we strongly encourage advising the Mayor or City Supervisor of your intention prior to the meeting to ensure the item is properly an item of new business and, if not, if the matter could be addressed in some other manner.

- G. Tentative Council Agenda for October 28, 2008  
Meeting with ASWSU

Tentative Planning Commission Agenda for October 22, 2008  
Discussion Regarding Pre-Application Meetings  
Discussion Regarding Urban Growth Area Map  
Review of Kopf Annexation  
Stormwater Presentation

Tentative Board of Adjustment Agenda for November 17, 2008  
No business scheduled at this time

THE COUNCIL CHAMBERS ARE ACCESSIBLE TO PERSONS WITH DISABILITIES. PERSONS REQUIRING SPECIAL ACCOMMODATIONS, SHOULD CONTACT THE FINANCE DEPARTMENT BEFORE 5:00 P.M. THE MONDAY PRECEDING THE COUNCIL MEETING. THE FINANCE DEPARTMENT IS LOCATED ON THE FIRST FLOOR OF CITY HALL, 325 SE PARADISE STREET, PULLMAN, WA 99163. TELEPHONE NUMBER 338-3209 or 338-3208, FAX NUMBER 334-2751, ADD NUMBER 7-1-1.




# CITY OF PULLMAN

## Public Works and Planning Departments

325 S.E. Paradise Street, Pullman, WA 99163  
(509) 338-3220 or (509) 338-3213 Fax (509) 338-3282  
[www.pullman-wa.gov](http://www.pullman-wa.gov)

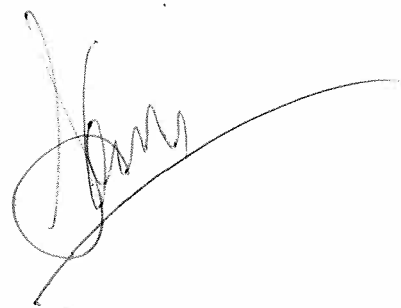
### MEMORANDUM

TO: Glenn Johnson, Mayor

FROM: Pete Dickinson, Planning Director 

SUBJECT: Certified Local Government  
Ad Hoc Committee Appointments

DATE: October 9, 2008



In accordance with your direction, I have contacted certain individuals to determine their level of interest in serving on the ad hoc committee to organize the city's Certified Local Government program. The community members below have indicated their willingness to participate on the committee. If you consent to assigning these individuals to the ad hoc committee, please forward these appointments to the City Council for confirmation.

- John Anderson: Ph.D. in history; long-term Planning Commission member; has also served on the city's Parks and Recreation Committee, pedestrian/bicycle circulation ad hoc committee, and public works design standards ad hoc committee
- Tom Handy: owner of an historic property (Old Post Office Building); Pullman Chamber of Commerce President
- Anita Hornback: owns rental property within the College Hill Historic District
- Robert McCoy: Ph.D. in history; WSU assistant professor of history; helped the College Hill Association assemble its nomination for the College Hill Historic District; has direct experience with other CLG cities
- Allison Munch-Rotolo: property owner/resident within the College Hill Historic District; helped organize the process to nominate the College Hill Historic District to the National Register of Historic Places
- Matthew Root: Ph.D. in anthropology; owner of Rain Shadow Research, Inc., a local archaeological consulting firm; adjunct faculty member in the WSU anthropology department

MINUTES OF THE CITY COUNCIL  
OF THE CITY OF PULLMAN  
OCTOBER 14, 2008

**Roll Call**

The regular meeting of the City Council of the City of Pullman was held on October 14, 2008, at 7:30 p.m. in Council Chambers, City Hall, Pullman, Washington with the following present:

Glenn A. Johnson	Mayor
Troy Woo	Finance Director
Francis Benjamin	Councilmember
Keith Bloom	Councilmember
Ann Heath	Councilmember
Bill Paul	Councilmember
Nathan Weller	Councilmember
Pat Wright	Councilmember

**Call to Order**

Mayor Johnson called the regular meeting to order at 7:30 p.m. Mayor Johnson announced that Councilmember Waldrop would be arriving late to this meeting.

**Announcements**

Mayor Johnson made one announcement.

**Report**

**2008 Goal Status**

Mayor Johnson announced that a report is scheduled on the status of the 2008 goals. City Supervisor Sherman presented the staff report. Councilmember Heath asked when the Council should provide feedback for City Council Goal No. 14. City Supervisor Sherman responded.

**ORDER OF BUSINESS**

Approval of Recommendations of Consent Agenda Items

**CONSENT AGENDA**

Mayor Johnson reviewed the items on the Consent Agenda with the Council and audience. He stated that items listed on the Consent Agenda are considered to be routine in nature and will be enacted by a single motion of the Council without separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed on the Regular Agenda by Council request. Councilmember Paul moved, Councilmember Benjamin seconded to read the items on the Consent Agenda by title only.

Motion Carried.

City Attorney McAloon read the items on the Consent Agenda by title only. Mayor Johnson asked if there were any requests for removal of items from the Consent Agenda from either the Council or audience. There were none. Councilmember Wright moved, Councilmember Benjamin seconded to adopt the Consent Agenda as presented.

Motion Carried.

### Motions

- |   |    |  |
|---|----|--|
| Minutes - September 23, 2008                                  | 1. | The Council dispensed with the reading of the minutes of the regular meeting of September 23, 2008, and approved them as submitted.  |
| Accounts Payable, Payroll, and Electronic Transfers - October | 2. | The Council approved disbursements represented by accounts payable checks numbered _____ through _____ totaling \$ _____ inclusive, payroll checks numbered _____ through _____ totaling \$ _____ inclusive, and electronic transfers totaling _____ and directed that they be paid upon approval of the Auditing Officer and Audit Committee. |
| Jackson-Kamiaken-Pioneer Sewer Change Order                   | 3. | The Council ratified Change Order No. 1 to Contract No. 08-18, Jackson-Kamiaken-Pioneer Sewer.   |
| RV Park Sewer Change Order                                    | 4. | The Council ratified Change Order No. 1 to Contract No. 08-12, RV Park Sewer.  |
| Aquatic Center Painting Change Order                          | 5. | The Council ratified Change Order No. 1 to Contract NO. 07-20, Aquatic Center Painting.  |
| Bishop Blvd Sidewalk - Pro Mall South Complete                | 6. | The Council accepted as complete Contract No. 08-03, Bishop Blvd Sidewalk - Pro Mall, South.   |
| North Grand Pavement Repair Complete                          | 7. | The Council accepted as complete Contract No. 08-13, North Grand Pavement Repair.  |
| McKenzie/Church Streets Sewer Replacement Complete            | 8. | The Council accepted as complete Contract No. 09-08, McKenzie/Church Street Sewer Replacement.   |

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|----------------------------------|-----|---|
| Claim for Dam-<br>ages - Carmona | 9.  | The Council referred a Claim for Damages submitted by Lionel Carmona for an undetermined amount to the Washington State Transit Insurance Pool (WSTIP). |
| D.A.R.E Agree-<br>ment           | 10. | The Council authorized an intergovernmental agreement with the Pullman School District for the Drug Abuse Resistance Education (D.A.R.E.) Program.      |

**Resolution**

- |  |     |   |
|--|-----|---|
| Resolution No.<br>R-86-08 - Master<br>License Service<br>Agreement | 11. | Resolution No. R-86-08<br><br>A RESOLUTION AUTHORIZING THE EXECUTION OF AN INTERLOCAL AGREEMENT BETWEEN THE CITY OF PULLMAN AND THE WASHINGTON STATE DEPARTMENT OF LICENSING, FOR THE PURPOSE OF PARTICIPATING IN THE MASTER LICENSE SERVICE. |
|--|-----|---|

Resolution No. R-86-08 was adopted unanimously.

**REGULAR AGENDA**

Councilmember Waldrop arrived at this point in the meeting at 7:46 p.m.

**Presentation**

- |                                  |     |   |
|----------------------------------|-----|---|
| Pullman Progress<br>Presentation | 12. | Mayor Johnson introduced the Pullman Progress presentation. |
|----------------------------------|-----|---|

Pullman School District	Paul Sturm, Pullman School District Superintendent, presented the School District's progress presentation that included a description of City partnerships, enrollment statistics, budget, local tax support, Pullman School District capital projects, academics, student activities, and School District strategic planning. Mayor Johnson asked how many different languages are spoken by the students enrolled in the Pullman School District. Mr. Sturm and Assistant Superintendent Susana Reyes responded.
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Pullman Regional Hospital	Scott Adams, CEO of Pullman Regional Hospital, presented the Hospital's progress presentation that included a description of the Hospital's growth and activities, future planning and expansion, the critical access designation, plans to address future needs, and an executive overview of the long-term planning for the Hospital. Councilmember Wright stated that she volunteers at the Hospital and serves as the vice president of the Hospital Auxiliary and expressed her appreciation of the positive attitude at the Hospital and that this is a tribute to the management and staff at the Hospital.
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Councilmember Weller asked if there were any plans or any possibility to add an oral surgeon to the staff. Mr. Adams responded.

City of Pullman

Public Works Director Workman presented the City of Pullman progress presentation by describing completed and nearly completed projects, planned and future projects, and private sector projects. Councilmember Bloom asked if the old digesters at the Sewage Treatment Plant would be decommissioned or would they be used for additional capacity. Public Works Director Workman responded. Councilmember Weller thanked Public Works Director Workman and his staff for the sidewalk infill on Stadium Way and asked for a status report on the sidewalk repairs near Emerald Downs.

Councilmember Weller noted gang activity problems within the school district in Omak and the Tri-Cities and asked if there were gang activities in Pullman or if there were any concerns about gangs. Mr. Sturm responded.

Councilmember Benjamin expressed his appreciation for the School District's Internet Safety Program. Councilmember Paul noted that the Hospital presented the number of employees employed by the Hospital and asked how many employees are employed by the Pullman School District and the City of Pullman. Mr. Sturm and City Supervisor Sherman responded.

City Supervisor Sherman noted the new flag poles that were donated by Mayor Johnson and acknowledged that the Lawson Gardens pavers were donated by former Mayor Mitch Chandler.

Councilmember Benjamin noted the development that is occurring on the Fairbanks Property north of Pullman and asked if any activity should be expected on the Port of Whitman property in the same area. Public Works Director Workman and City Supervisor Sherman responded.

Councilmember Bloom asked if there were any plans or current activities to collect methane at the Sewage Treatment Plant to generate electricity or to provide heat. Public Works Director Workman responded.

## Ordinance

- Ordinance No. 08-17 - Budget Amendment
13. Mayor Johnson announced that an ordinance had been prepared amending the 2008 budget. Finance Director Woo presented the staff report. There were no questions.

Ordinance No. 08-17 by title only reads as follows:

AN ORDINANCE AMENDING ORDINANCE NO. 07-32 ADOPTED DECEMBER 4, 2007, AND ENTITLED "AN ORDINANCE ADOPTING A BUDGET FOR THE CITY OF PULLMAN FOR THE YEAR 2008".

Councilmember Waldrop moved, Councilmember Bloom seconded to adopt Ordinance No. 08-17. The motion carried unanimously.

## Discussions

- ASWSU Agenda Items
14. Mayor Johnson announced that a discussion is scheduled on agenda items for the meeting with ASWSU. City Supervisor Sherman presented the staff report. Councilmember Waldrop suggested adding the WSU Rental Inspection, Cougar Choice, to the agenda. Councilmember Benjamin stated that the University District discussion should include specific presentations on the parking and design standards portions of the agreement. Pete Semon from ASWSU suggested the ASWSU energy savings efforts as a discussion item.

- Current Economic Conditions
15. Mayor Johnson announced that a discussion is scheduled on current economic conditions. City Supervisor Sherman presented the staff report. Finance Director Woo presented a report on the third-quarter financial summary and made comments on the current economic conditions.

## **NEW BUSINESS**

There were no items of new business.

## **EXECUTIVE SESSION**

Mayor Johnson adjourned the meeting at 9:47 p.m. to conduct an Executive Session on:

Conferring with legal counsel representing the City concerning potential litigation that has been specifically threatened to which the City, the governing body, or a member acting in an official capacity is, or is likely to become, a party;



To consider the selection of a site or the acquisition of real estate by lease or purchase; and,

To discuss the strategy or position to be taken by the City during the course of collective bargaining or grievance proceedings.

Mayor Johnson announced that the Council would take a five-minutes recess and that the Executive Session would last approximately 45 minutes.

Mayor Johnson reconvened the meeting at 11:05 p.m.

**ADJOURNMENT**

Councilmember Bloom moved, Councilmember Wright seconded to adjourn the regular meeting of the City Council.

Motion Carried.

Mayor Johnson adjourned the regular meeting of the City Council at 11:05 p.m.

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Mayor

ATTEST:

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Finance Director

2. A motion to authorize a change in staffing from the Waste Water Treatment Plant Digester project (Utility Fund) to Protective Inspections (General Fund) until the end of 2008.

NOTES:

## REQUEST FOR COUNCIL ACTION

For Meeting of: 10/21/08

### ACTION REQUESTED:

Authorize a change in staffing from the Utility Fund to the General Fund.

### BACKGROUND:

Pat Christensen has been trained as a building inspector and has previously worked in the Protective Inspections Division in that capacity. However, for most of this year, Pat has worked at the Waste Water Treatment Plant as a construction inspector for the digester project. The digester project is at a transition point while the new digester is brought on line and the old digesters are taken off line, a process that will likely take most of the rest of the year. In Protective Inspections, one employee is currently out for an extended period of time with health issues. The solution I propose for both divisions is to move Pat Christensen from the digester project (Utility Fund) to Protective Inspections (General Fund) until the first of the year. There should be sufficient savings in Protective Inspections from the employee who is absent combined with savings in other line items to fund Pat Christensen for this period of time.

### RECOMMENDATION:

By motion, authorize a change in staffing from the Waste Water Treatment Plant Digester project (Utility Fund) to Protective Inspections (General Fund) until the end of 2008.

### FISCAL IMPACT:

\$13,250.00  
001.2400.524.20.xx.00  
BARS Code Number

### SUBMITTED BY:

### ATTACHMENTS FOR COUNCIL REVIEW/ACTION:

Name Mark Workman  
Title Public Works Director  
Dept. Public Works

1.

### REVIEWED BY:

	Initial	Date
Department Head	<u>MW</u>	<u>10/16/08</u>
City Supervisor	<u>JSD</u>	<u>10/17/08</u>
City Attorney	<u>cmj</u>	<u>10-16-08</u>

(As to Form)

3. PRE-BUDGET WORKSHOP

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STAFF REPORT\_\_\_\_\_

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QUESTIONS FROM COUNCIL ON STAFF REPORT\_\_\_\_\_

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DISCUSSION\_\_\_\_\_

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ACTION TAKEN\_\_\_\_\_

NOTES:



# CITY OF PULLMAN

## Administration/Finance

325 S.E. Paradise Street, Pullman, WA 99163

(509) 338-3208 Fax (509) 334-2751

[admin@pullman-wa.gov](mailto:admin@pullman-wa.gov)

### MEMORANDUM

TO: Mayor and City Council

FROM: John Sherman, City Supervisor

RE: Pre-Budget Workshop

DATE: October 16, 2008

At the City Council meeting on October 14, we conducted a discussion concerning current economic conditions. We cannot ignore the fact that economic conditions nationally have worsened and that we may be facing a deep recession. The attached October 16, 2008, article entitled "U.S. faces possibility of long, deep recession" states:

"I don't think we can escape damage to the real economy," former Federal Reserve Chairman Paul Volcker said this week in Singapore. "I think we almost inevitably face a considerable recession".

The Fed's current chairman, Ben Bernanke, delivered a more measured, but similarly grave assessment to economists, saying the recent financial turmoil "may well lengthen the period of weak economic performance and further increase the risks to growth."

The signs of stress are starting to show: The U.S. has lost 760,000 jobs since late last year, and retail sales in September plunged 1.2 percent, the largest drop in three years.

Additionally, cuts within the state budget have already been having an impact upon our largest local employer, Washington State University. The State of Washington is facing a \$3.2 billion deficit for the 2009-11 biennium. Washington State University has already been directed to cut \$6 million from its budget for this year. This represents 2.4 percent of WSU's state allocation of \$234 million.

Locally, city of Pullman building permit activity is down 56 percent from the same period in 2007. As of the end of September, we had \$16,534,986 in building permit

valuation this year. Last year we had \$37,584,249 in building permit valuation as of the end of September. Thus there are definite signs of worsening economic conditions at the national, state, and local levels.

Although there are many reasons for serious concern about the economic situation, there are also a number of signs of positive economic activity. Susan Fagan, Director of Public Affairs at Schweitzer Engineering Laboratories, Inc. told me on October 16, that SEL is actively advertising for 175 positions. The growth of SEL continues to be very positive, as was well documented in SEL President Ed Schweitzer's presentation to the City Council on September 16. As Public Works Director Mark Workman also pointed out to the City Council in his October 14 Pullman Progress presentation, there are a number of major private sector projects that might start construction in 2009.

In view of these mixed economic indicators, we recommend that we approach the 2009 budget process with caution but not panic. The purpose of this pre-budget workshop will be to gain direction from the City Council with respect to specific issues prior to finalizing a preliminary budget for your consideration at the City Council meeting on Wednesday, November 5.

There are two overriding issues that we need to be reminded of as we consider the 2009 budget. First, we have no settled labor contracts for 2009. Accordingly, there are no cost of living adjustments (COLAs) that will be included in the proposed preliminary budget. As labor contracts are ratified, financial adjustments will need to be made to reflect the impacts of these settled union contracts. Secondly, assessments for stormwater utility fees have not been included in the proposed budget since a stormwater utility has yet to be created. Stormwater utility charges to city departments will also be adjusted within the budget later after the creation of the stormwater utility.

Finally, I think it is important to provide some brief comments regarding the Pullman-Moscow Regional Airport budget. The city of Pullman and the city of Moscow are both required to review and approve the budget for the Pullman-Moscow Regional Airport. Thus the budget for the airport is included within our city budget. The comments pertaining to no salary increases do not pertain to the airport budget since it is a separate interlocal entity that is governed by the Airport Board. COLAs for airport employees have already been approved by the board. All entities that contribute to the Airport Board, including the University of Idaho, have agreed to continue their operational support for the airport in 2009. We will discuss at a future City Council meeting what to do about the shortfall in the airport fire flow project that has been created by the University of Idaho decision not to participate in the project. The request to the University of Idaho for the airport fire flow project was \$7,500 per year for twenty years.

In the attached memorandum, Finance Director Troy Woo addresses specific pre-budget workshop issues for your consideration.

## PAGE / BUSINESS

# U.S. faces possibility of long, deep recession

BY ADAM GELLER

Associated Press

NEW YORK – The U.S. has not endured a deep and prolonged recession in more than a quarter century – enough time for many Americans to forget what one feels like.

But unlike the last two relatively short recessions, this one could be much longer and more severe, potentially bringing with it anxiety and job losses not seen in many years.

"In thinking about recessions, people will naturally think back to the last couple" in the early 1990s and in 2001, said Paul Ashworth, senior U.S. economist at Capital Economics in Toronto. "What they should be looking back at is further."

That requires dredging up memories of the economic slides in the 1970s, when an Arab oil embargo starved the nation of energy, and the early 1980s, when unemployment and inflation soared.

The last recession – coinciding with the collapse of the tech stock bubble and the terrorist attacks of 2001 – lasted just eight months. It was known more for the slow "jobless" recovery that followed than for the depth of the downturn.

Many economists agree that the nation won't be so fortunate this time.

"I don't think we can escape damage to the real economy," former Federal Reserve Chairman Paul Volcker said this week in Singapore. "I think we almost inevitably face a considerable recession."

## Recent downturns

Many Americans have forgotten what a deep recession feels like. A look at the most recent recessions in the U.S.:

### ► March 2001-November 2001

Duration: ..... 8 months  
Unemployment peak: ..... 6.3 percent (June 2003)

### ► July 1990-March 1991

Duration: ..... 8 months  
Unemployment peak: ..... 7.8 percent (June 1992)

### ► July 1981-November 1982

Duration: ..... 16 months  
Unemployment peak: ..... 10.8 percent (November 1982)

### ► January 1980-July 1980

Duration: ..... 6 months  
Unemployment peak: ..... 7.8 percent (July 1980)

### ► November 1973-March 1975

Duration: ..... 16 months  
Unemployment peak: ..... 9 percent (May 1975)

The Fed's current chairman, Ben Bernanke, delivered a more measured, but similarly grave assessment to economists, saying the recent financial turmoil "may well lengthen the period of weak economic performance and further increase the risks to growth."

The signs of stress are starting to show: The U.S. has lost 760,000 jobs since late last year, and retail sales in September plunged 1.2 percent, the largest drop in three years.

Every recession is driven by its own dynamic and psychology. The current slump started with the collapse in the housing market and got worse with sharp restrictions on credit that pressured consumer spending and businesses.

That is a different environment from 1973, when an oil cri-

sis was the culprit, squeezing U.S. businesses and consumers. In the early 1980s, raging inflation and high interest rates took their toll.

Both periods saw millions of Americans out of work. In 1975, the unemployment rate peaked at 9 percent. In 1982, it jumped to 10.8 percent.

Most economists forecast a sharp increase in the number of people who lose their jobs. But they do not see it leading to unemployment on the scale of either the 1970s or 1980s.

The jobless rate is currently at 6.1 percent, and many economists expect it to rise to about 7 percent early next year – a level the country has not seen since 1993. Some analysts believe the unemployment rate could eventually climb close to 8 percent, which hasn't happened since 1984.

# University of Idaho

Office of the Vice President  
for Finance and Administration

PO Box 443168

Moscow ID 83844-3168

Phone: 208-885-6174

Fax: 208-885-5504

September 30, 2008

Pullman-Moscow Regional Airport Board  
c/o Robb Parish, Director  
3200 Airport Complex North  
Pullman WA 99163

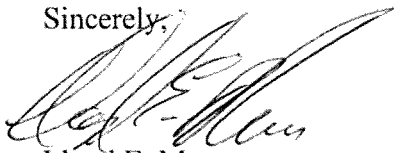
Dear Mayors Johnson, Chaney and Board Members

I received your letter requesting contributions for the airport's FY 2009 budget. Because the University's notice of termination was delivered after the preparation of your 2009 budget and our understanding that UI's representative on the Board participated in the consideration of that budget, this letter is meant to confirm our intent to contribute \$12,500 to the FY2009 budget. We are prepared to make that payment upon receipt of the airport's billing statement or invoice in January 2009.

However, we will not contribute to annual debt service payments for the public water fire flow system improvements proposed by the Airport Board. I understand that our University representative on the airport board consistently indicated our current policy objections to initiation of a new long term financial commitment for public improvements in the State of Washington.

We do not question the need for the water fire flow system. We also are not suggesting any dissatisfaction with the project engineering and costs proposed for that project. It is the University of Idaho's position that using University of Idaho funds to support the water fire flow system project is not in line with our own allocation priorities for our limited capital funding sources.

Sincerely,



Lloyd E. Mues  
Vice President  
Finance and Administration

C: Steven Daley-Laursen, President



# Memo

**To:** Mayor, City Council, and City Supervisor  
**From:** Troy Woo, Finance Director<sup>W</sup>  
**Cc:** Department Heads  
**Date:** October 16, 2008  
**Re:** 2009 Pre-Budget Workshop

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The purpose of the Pre-Budget Workshop is to receive direction from City Council before finalizing the Proposed 2009 Preliminary Budget. We started the 2009 budget process early this year with the adoption of goals. During this summer, City Council adopted the 2009-2014 Capital Improvement Program and the 2008 Mid-Year Financial Summary was presented. During September department heads submitted their budget proposals. During October the Mayor, City Supervisor, and Finance Director met individually with each department head to review the budget proposals. During the first part of November we will file the 2009 Preliminary Budget with the City Council. This will include any directives from this Pre-Budget Workshop as well as future workshops.

It is too early to provide an accurate, detailed budget report, since many of the changes are in the proposal state. I will present general facts at this time. Detailed revenue and expenditure projections for 2009 will be calculated after budget proposals are received from the department heads and when more detailed budget information becomes available.

## PROJECTED REVENUE CHANGES

- Until 2007, the City of Pullman general property tax levy was very near the \$3.60/\$1,000 statutory limit. The levy has been near or at the statutory limit since 2001 when the voters of Pullman approved a permanent levy lift to the statutory maximum. In 2007, the general levy fell below the statutory maximum because the Whitman County Assessor revalued Pullman properties upwards by 20 percent. Although overall assessed value increased, the amount of property taxes the City can collect is limited by the revenue limit, so the levy rate decreased. The levy rates will decrease further

in 2009 because the Whitman County Assessor has increased the value of Pullman structures on average by 13.4 percent.

- Early estimates from Whitman County Assessor Joe Reynolds indicate that more than \$42,092,000 of new construction will be added to Pullman's assessed value. This could result in an increase of \$127,281 to Pullman's General property tax revenues.
  - It will be City staff's recommendation that the City exercise its authority to increase property taxes by the 1.0 percent revenue limit. A 1.0 percent increase is estimated to be \$34,265 in additional property taxes collections. Early estimates show that a 1.0 percent increase for a home valued at \$229,000 will be just over \$8 per year. Property tax is the largest source of revenue within the General Fund and its growth is limited, so it is important that we implement the 1.0 percent increase and accept the growth from new construction to address rising operating expenses. It is noteworthy that in both Idaho and Oregon, jurisdictions are allowed to increase property taxes by 3.0 percent annually.
  - The early property tax levy estimates show that the GO Bond levy will to decrease in 2009. The continued strong growth to Pullman's assessed value due to new construction spreads the debt payment load among more properties, lowering the individual assessments.
- The 2008 Mid-Year Financial Report included cautionary comments on 2009 sales tax collections. At that time it was expected that 2009 sales tax collections would be lower because of major taxable WSU project completions in 2009. The projection shows a slight reduction compared to the budgeted sales taxes, but a significant decrease compared to the 2008 sales tax projections. The current year-end projection for sales tax collections is \$3,428,053. The 2009 sales tax collection projection is \$448,423 less than the 2008 projection. A combination of lower WSU taxable construction and significantly lower City building permit issuances in 2008, as compared with 2007, contribute to the lower projection. The 2007 year-to-date September building permits issues were valued at \$37.6M. The 2008 year-to-date September building permits issues are valued at \$16.5M, which is a 56.1 percent reduction. Given the very unstable economic condition, other sales tax sources reflect no change from the 2008 projections. One more sales tax distribution will occur prior to completing the preliminary budget, so the projections may be refined.
- Utility Taxes are expected to continue to grow in 2009. Growth from new construction and proposed rate increases should translate into growth in utility tax collections. Avista has submitted rate increases for both natural gas and electricity to the Washington Utilities and Transportation Commission. Avista requested a 9.1 percent increase to electricity rates and a 2.4 percent increase to the natural gas rates. Although these rates have not been approved, the preliminary utility tax projections include considerations for

these rate increases. The City's water and sewer rates will be increasing this November according to rate schedules adopted by the City Council in 2004.

- As provided in the agreement for fire protection services between WSU and the City of Pullman, in 2009 the city will receive \$723,700 to offset the necessary expenditures of providing those services to the WSU campus and facilities. This \$136,408 increase was included in the Interlocal Agreement approved at the September 23, 2008, City Council meeting. WSU will be requesting an additional \$100,000 for fire services from the State Legislature, but it will not be considered until next year's State Legislative session. Due to the challenging economic times facing the State budget, the additional \$100,000 is not reflected in the 2009 Budget.

### PROJECTED EXPENDITURES CHANGES

- The Association of Washington Cities (AWC) Trust Board of Trustees approved the 2009 AWC medical premium rates on September 25, 2008. The increases are 8.2 percent. This is actually good news. The budget preparation began far in advance of this news, so the budget will assume 10.0 percent increases to medical premiums. Medical premiums are one of the City's largest expenditures. This will have a significant impact on the 2009 and future budgets since there seems to be no end in sight for high annual medical premium increases. It is expected that these increases will continue to impact the long-term cash outlook. Based on 2008 City Council approved staffing levels and the AWC Employee Benefit Trust approved rate increases, the 2009 citywide impact could be as high as \$188,840 (General Fund share - \$123,255). Due to the 10.0 percent premium increase assumption, the General Fund budget will include an extra \$27,056 for insurance premiums.
- At this point there are no settled labor contracts for 2009. Past budgets have not included COLAs when contracts remain unsettled, so the 2009 Preliminary Budget will not include COLA considerations. The 2008 May/June CPI for Seattle/Tacoma/Bremerton was 6.2 percent. Historically, this CPI has been used to determine COLAs. The 2008 COLA impact was \$225,479. The 2008 CPI was 3.3 percent. Does the City Council concur to proceed with the Preliminary Budget with zero COLAs?
- The PERS and LEOFF employer contribution rates were set by the Washington State Legislature during the latest Legislative session. The employer contribution rates are as follows:

#### Employer Rates

<u>Effective Date</u>	<u>PERS</u>		<u>LEOFF</u>	
	<u>Plan 1</u>	<u>Plan 2</u>	<u>Plan 1</u>	<u>Plan 2</u>
7/1/04 - 6/30/05	1.37%	1.37%	0.19%	3.22%
7/1/05 - 6/30/06	2.44%	2.44%	0.19%	4.39%
7/1/06 - 8/31/06	3.69%	3.69%	0.19%	4.87%
9/1/06 - 12/31/06	3.69%	3.69%	0.18%	4.90%
1/1/07 - 6/30/07	5.46%	5.46%	0.18%	4.92%

7/1/07 - 8/31/07	6.12%	6.12%	0.18%	5.35%
9/1/07 - 6/30/08	6.13%	6.13%	0.16%	5.35%
7/1/08 - 6/30/09	8.31%	8.31%	0.16%	5.46%
7/1/09 - 6/30/11	7.93%	7.93%	0.16%	5.17%
7/1/11 - 6/30/13	7.51%	7.51%	0.16%	5.17%

In 2009, the Preliminary Budget will include PERS and LEOFF increases totaling \$37,067 in the General Fund and 73,888 citywide.

- The department budget submittals included the following changes. We would like City Council's direction on these proposals before completing the 2009 Preliminary Budget.
  - Personnel Changes
    - BDPA has completed two position studies that recommend salary range increases. A letter from BDPA that outlines the recommendations is attached. Staff recommends implementing both changes effective January 1, 2009. These position studies were more in-depth than the Citywide BDPA study that was completed in fall 2005 and implemented July 1, 2006.
      - Accounting Manager from range 42 to range 43
        - This change will add \$1,711 to the Finance Department budget.
      - Preschool Program Coordinator from range 25 to range 32
        - This change will add \$1,119 to the Recreation Department budget.

Do you concur with these recommendations?

- Staff recommends maintaining the 2008 level of legal services costs by reducing the number of trips made to Pullman to three per month in 2009. The 2008 contract required four trips per month. If the City Council meets four times in one month, the City Attorney will make four trips to Pullman.

Do you concur with this recommendation?

- Other Considerations
  - The Government Buildings interdepartmental charges were originally projected to increase \$200,924 in 2009. The following Government Building projects have been eliminated from the

budget request because of their impacts the Government Building rates for all departments in 2009.

- Police Department projects include supply and armory room painting (\$7,000), display case (\$2,500), and HVAC power-vac (\$20,000).
- Library projects include tech room remodeling (\$7,000), wall and door construction for administration staff (\$5,600), and restroom remodels (\$6,700).
- City Hall projects include windows for vestibules (\$3,200) and 1<sup>st</sup> floor restroom remodel (\$8,200).
- Pioneer Center projects include dimming lights for gymnasium (\$6,000) and gymnasium painting (\$8,500).
- Fire Department projects include electrical work at Station 2 (\$1,000), HVAC power-vac at stations (\$4,000), generators at both stations (\$62,000), vinyl floor replacement at Station 1 (\$12,100), and window replacement at Station 2 (\$11,050).
- Pioneer Center fascia and soffit repair - \$10,560
- Various carpet repair - \$10,000

If the budget situation improves in 2009, we can amend the budget to fund priority projects.

Do you concur with this recommendation?

- Many Stormwater Utility issues have not been decided at this time. Due to limited information, staff recommends that the current Stormwater expenses continue to be carried in the Street Fund. If the Council determines that a separate Stormwater Utility is the appropriate structure, then the budget can be amended to reflect the Council's wishes in 2009. Likewise monthly stormwater fees have not been included in the department budget requests.

Do you concur with this recommendation?

- The Airport's fire flow water system is still being designed. Staff recommends that the bond financing budgeting be excluded from the 2009 Preliminary Budget and addressed through a budget amendment when more information is available.

Do you concur with this recommendation?

- It should be noted that, like the 2006, 2007 and 2008 budgets, the 2009 budget may not include a 13.0 percent General Fund reserve. The 13.0 percent reserve should be restored with year-end savings before any other considerations.

Do you concur with this recommendation?

- In past years the City Council has prioritized preserving the \$100,000 General Fund capital reserve. This reserve could be used to address capital needs or used to help balance the budget. Given the financial difficulties facing the City's General Fund, the Preliminary Budget will use the entire \$100,000 of the capital reserve to help balance the budget.

Do you concur with this recommendation?

### SUMMARY

As of October 17, 2008, the General Fund Preliminary Budget draft indicated a 2009 year-end cash balance of \$2,082,046, which is \$44,981 below the Council mandated 13.0 percent reserve level. Remember this does not include any considerations for COLAs. The Mayor, City Supervisor, and Finance Director have just concluded budget review meetings with each department head. Adjustments are still being made to the department budget requests in an attempt to balance the budget and maintain the 13.0 percent reserve level. Keep in mind that it is very likely that the 2009 General Fund budget will be balanced with cash reserves. General Fund expenditures continue to be higher than revenues. Cash reserves are a one-time revenue source. When cash reserves are depleted the deficit can only be made up by increases taxes or fees or decreasing expenditures.

The first draft cash balance is based on revenue estimates for 2008 and 2009, department head 2008 year-end estimates for expenditures, and the 2009 department head budget requests. City staff will work to refine year-end estimates, research revenue projections, and adjust the budget requests in order to maintain the 13.0 percent reserve.

Although, the 13.0 percent reserve level has not yet been met, it is approaching a level where we believe the conservative nature of our year-end estimates will allow us to move forward without having to take drastic measures. The deficit may be larger than it has been in past years, but it is not yet time to panic. Staff suggests that the projections continue to be monitored closely, so that there is time to react, if necessary, early in 2009.

# **BDPA, Inc.**

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## **A Human Resources Management Consulting Company**

March 7, 2008

Ms. Karen Sires  
Human Resource Manager  
City of Pullman  
325 SE Paradise Street  
Pullman, WA 99163

RE: Job Review – Preschool Program Coordinator, Recommend Grade 32  
Accounting Manager, Recommend Grade 43

Dear Karen:

I've reviewed the position description questionnaires completed for the positions of Preschool Program Coordinator and Accounting Manager. The paragraphs below explain my recommendation for each job.

### **Preschool Program Coordinator, Recommend Grade 32**

This position has evolved out of the Preschool Teacher classification. Based on the Position Description Questionnaire, this new position has assumed program coordinator duties to include development, organization and implementation of age-appropriate preschool educational/recreational programs. The position is also responsible for recruiting, training and providing supervision and direction to Preschool and youth activity staff. The requirements of the job include a Bachelor's degree and two years teaching experience, as well as supervisory experience. A Master's Degree is preferred. Although there are other responsibilities associated with this job such as the Summer Camp Program and other youth programs, the primary function appears to be related to the preschool program. For that reason, I would suggest a job title of Preschool Program Coordinator as opposed to Recreation Program Coordinator which often refers to youth or adult recreation programs such as softball, basketball, gymnastics, etc.

The job as described is comparable to the Senior Citizen Program Coordinator position and therefore grade 32 is recommended.

### **Accounting Manager, Recommend Grade 43**

This is a senior manager position responsible for supervision of the daily operations of the Finance Department including accounts receivable/payable, payroll, cashiering and customer service. The position has sole responsibility for auditing, general ledger, investment management and financial reporting. The job requires a Bachelor's Degree in accounting or finance and five or more years of professional accounting and supervisory experience. For internal equity purposes, BDPA recommends the job be assigned to grade 43, one level above the Support Services Manager at the Police Department. While both jobs are senior manager positions with a high level of accountability, the Accounting Manager position has greater impact on a city-wide basis that warrants the one level difference. The grade 43 placement also assigns the position to be two levels under that of the Park Superintendent and Recreation Superintendent, both of which are considered Department Head positions in the City.

Sincerely,

Andrea Fogleman  
BDPA, Inc.

4. A PUBLIC HEARING ON 2009 REVENUES.

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STAFF REPORT\_\_\_\_\_

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QUESTIONS FROM COUNCIL ON STAFF REPORT\_\_\_\_\_

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DISCUSSION\_\_\_\_\_

\_\_\_\_\_

OPEN PUBLIC HEARING\_\_\_\_\_

\_\_\_\_\_

CLOSE PUBLIC HEARING\_\_\_\_\_

\_\_\_\_\_

ACTION TAKEN\_\_\_\_\_

NOTES:



## REQUEST FOR COUNCIL ACTION

For Meeting of: October 21, 2008

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### ACTION REQUESTED

Conduct Public Hearing on Revenue Sources for 2009 Budget.

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### BACKGROUND

Chapter 251, Laws of 1995, codified as RCW 84.55.120 requires that a public hearing be conducted on revenue sources for the coming year's budget, including the consideration of possible increases in property tax revenues. This hearing, must be conducted before setting next year's property tax levy on November 18, 2008.

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### RECOMMENDATION

Conduct Public Hearing on Revenue Sources for 2009 Budget.

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### FISCAL IMPACT

Revenue Sources for 2009 Budget

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### SUBMITTED BY

Troy Woo

Finance Director

Administration/Finance

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### ATTACHMENTS FOR COUNCIL REVIEW

1. Memorandum dated 10/16/08 with attachments.

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<u>REVIEWED BY</u>	<u>Initial</u>	<u>Date</u>
Dep't Head	<u>TW</u>	<u>10/16/08</u>
City Supervisor	<u>[Signature]</u>	<u>10/17/08</u>
City Attorney (as to form)	<u>[Signature]</u>	<u>10-16-08</u>

# Memo

**To:** Mayor, City Council  
**From:** Troy Woo, Finance Director *TW*  
**Date:** October 16, 2008  
**Re:** Revenue Sources - 2009 Preliminary Budget

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Chapter 251, Laws of 1995, codified as RCW 84.55.120, requires that a public hearing be conducted on revenue sources for the coming year's budget, including the consideration of possible increases in property tax revenues. This hearing, currently scheduled for October 21, must be conducted before setting next year's property tax levy. The City Council is scheduled to set the 2009 property tax levies on November 18, 2008. The passage of Referendum 47 also adds more procedural requirements if the Council wishes to increase the levy by more than the rate of inflation.

The graphs on pages 4 and 5 represent the proposed 2009 revenues. The first graph depicts General Fund revenues by category in terms of dollars with a total projection of \$14,628,639. The second graph depicts revenues by category in terms of percentage of the total General Fund Budget.

On pages 6 and 7 of this report is a detailed comparison of 2007 actual revenues, 2008 budgeted revenues, 2008 year-end revenue estimates, and the 2009 proposed revenue budget.

State law requires that the City Council adopt a balanced budget, which means that a combination of expenditure and cash reserve reductions must be utilized to remove any deficit. As has been the case in past years, the 2009 Budget will likely use the savings from prior years to balance the budget. Like the 2008 Budget, the 2009 preliminary projections show that the 2009 ending cash reserve could be below the 13 percent City Council mandated reserve level.

Significant revenue source changes:

- Similar to last year, the Property Tax revenue growth will not be entirely from new construction. The levy rates will decrease, because the Whitman County Assessor's Office revalued Pullman's structures during 2008. The average valuation increase was 13.4 percent. The projections include increases for the additional \$42.1 million of new construction as well as from exercising the City Council's authority to increase property taxes by 1.0 percent.

- The overall General City property tax increase is projected to be \$161,546
    - Increase from new construction - \$127,281 or 3.71 percent
    - To help pay for increasing expenditure demands, staff recommends that the City Council use its authority to raise property taxes up to the revenue limit of 1.0 percent or the implicit price deflator, whichever is less, to help offset increases to expenditures. An additional \$34,265 can be collected by increasing property tax collections by the 1.0 percent revenue limit.
  - The overall EMS property tax increase is projected to be \$22,448
    - Increase from new construction - \$17,687 or 3.71 percent
    - Staff suggests that the Council exercise its authority to raise the EMS property tax collections by 1.0 percent revenue limit. \$4,761 is the projected increase from exercising the 1.0 percent increase.
  - The City Council should be reminded that jurisdictions in Idaho and Oregon are allowed to increase property taxes by 3.0 percent annually.
- Computer software generated year-end sales tax receipts for the city for 2008 are projected to be \$3,428,053 or 115.25 percent of budget. The 2008 Mid-Year Financial Report included cautionary comments on 2009 sales tax collections. At that time it was expected that 2009 sales tax collections would be lower because of major taxable WSU project completions in 2009. The projection shows a slight increase compared to budgeted sales taxes, but a significant decrease compared with the 2008 sales tax projections. The current year-end projection for sales tax collections is \$3,428,053. The 2009 sales tax collection projection is \$448,423 less than the 2008 projection. A combination of lower WSU taxable construction and significantly lower City building permit issuances in 2008 as compared with 2007 are the main reasons for the lower projection. The 2007 year-to-date September building permits issues were valued at \$37.6M. The 2008 year-to-date September building permits issues are valued at \$16.5M, which is a 56.1 percent reduction. Given the very unstable economic conditions, other sales tax sources reflect no change from the 2008 projections. There will be one more sales tax distribution prior to completing the preliminary budget, so the projections may be refined.
- Utility tax projections include considerations for both rate increases and the occupation of new structures as a result of strong construction. Rate increases include the final scheduled rate increase under the current City Water and Sewer rate schedule. In addition Avista Utilities has requested that the Washington Utilities and Transportation Commission approve a 9.1 percent increase to electricity rates and a 2.4 percent increase to natural gas rates. We recognize that utility taxes on water and energy are in part dependent upon the weather. Overall utility tax collections are projected to increase \$135,335 in 2009.
- Franchise fees are projected to decrease 7.8 percent in 2008. Current trend analysis determined the projection.
- Intergovernmental revenues include revenue increases in the recently approved one-year interlocal with WSU to provide its campus with fire services. 2009 fire service contributions from WSU will be increasing to \$723,700 up from \$587,292. Intergovernmental revenues also include the City Assistance provided by ESSB 6050, liquor excise tax and profit distributions from the State, and interlocal agreement revenues such as the Aquatic Center agreement with the Pullman

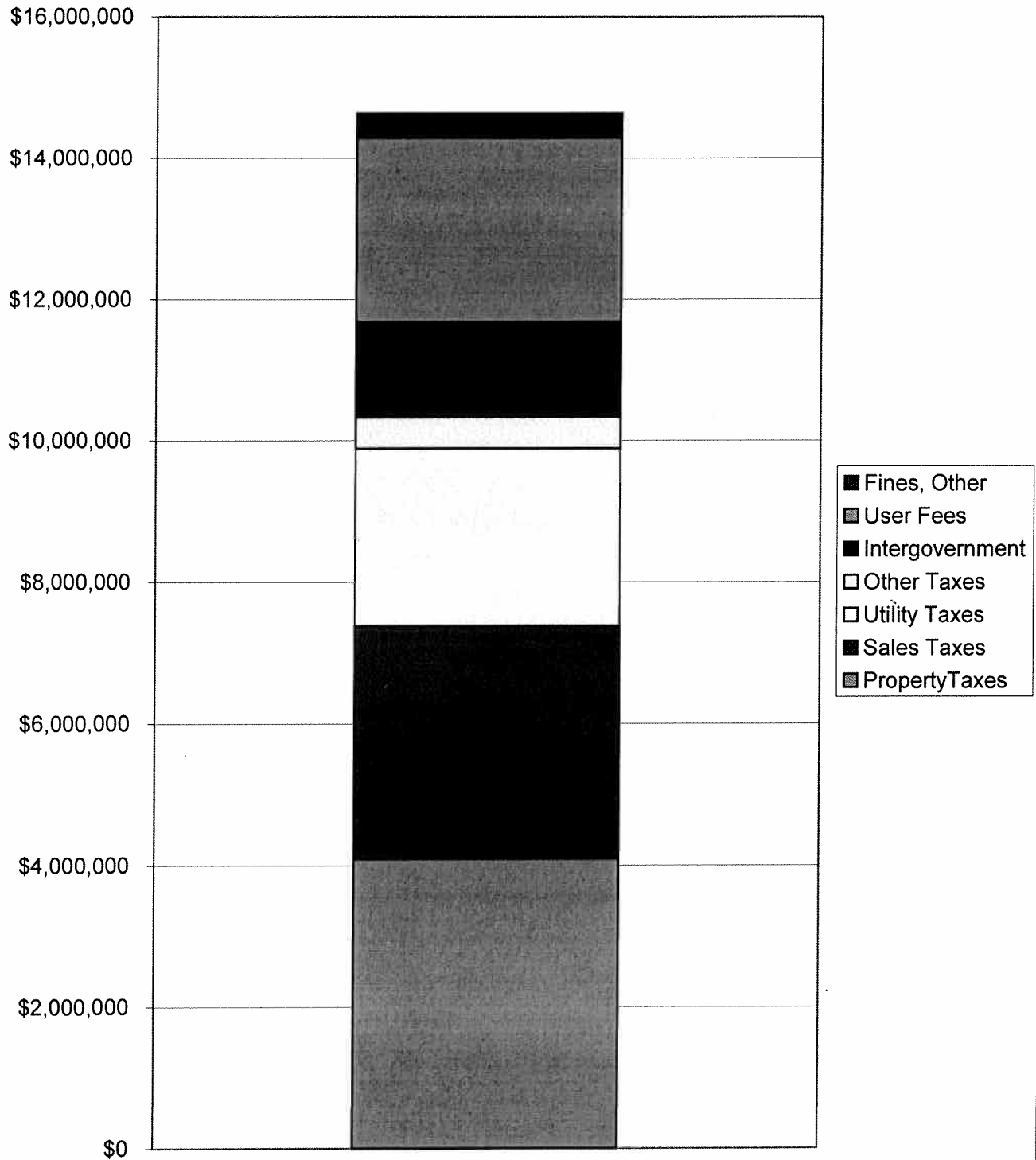
School District.

- The most significant changes within the service charges category include the park service fees received from the Pullman Metropolitan Park District and changes to recreation and Aquatic Center revenues to reflect current trends. Also included in this category are fees received from the Pullman-Moscow Airport for administrative services, ambulance transport fees, cemetery fees, plan checking fees, and interfund engineering services.
- Fines and miscellaneous revenues have been adjusted to reflect current trends. Parking infractions, library fines, investment interest, and rents are the significant revenue sources in this category. The most notable change is to the investment interest projection. This category is projected to decrease \$50,000 in 2009, which reflects current economic conditions.

Attached is a memorandum drafted to assist Mayor Johnson with his ESSB 6050 testimony at a June 19, 2008, Joint Legislative Audit and Review Committee Meeting. The memorandum describes various local tax and fee increases that have occurred since the motor vehicle excise tax (MVET) was eliminated in 1999. The memorandum illustrates the following issues.

1. The shift of funding from the state level to the local level.
2. The generosity and strong support the citizens of Pullman have shown for local government services by voting to tax themselves.
3. The demographic challenges the City of Pullman faces from being the home to WSU. The most recent Washington State Department of Revenue data shows that the City of Pullman sales tax per capita is only 52.7 percent of the state average and its assessed value per capita is only 33.4 percent of the state average.

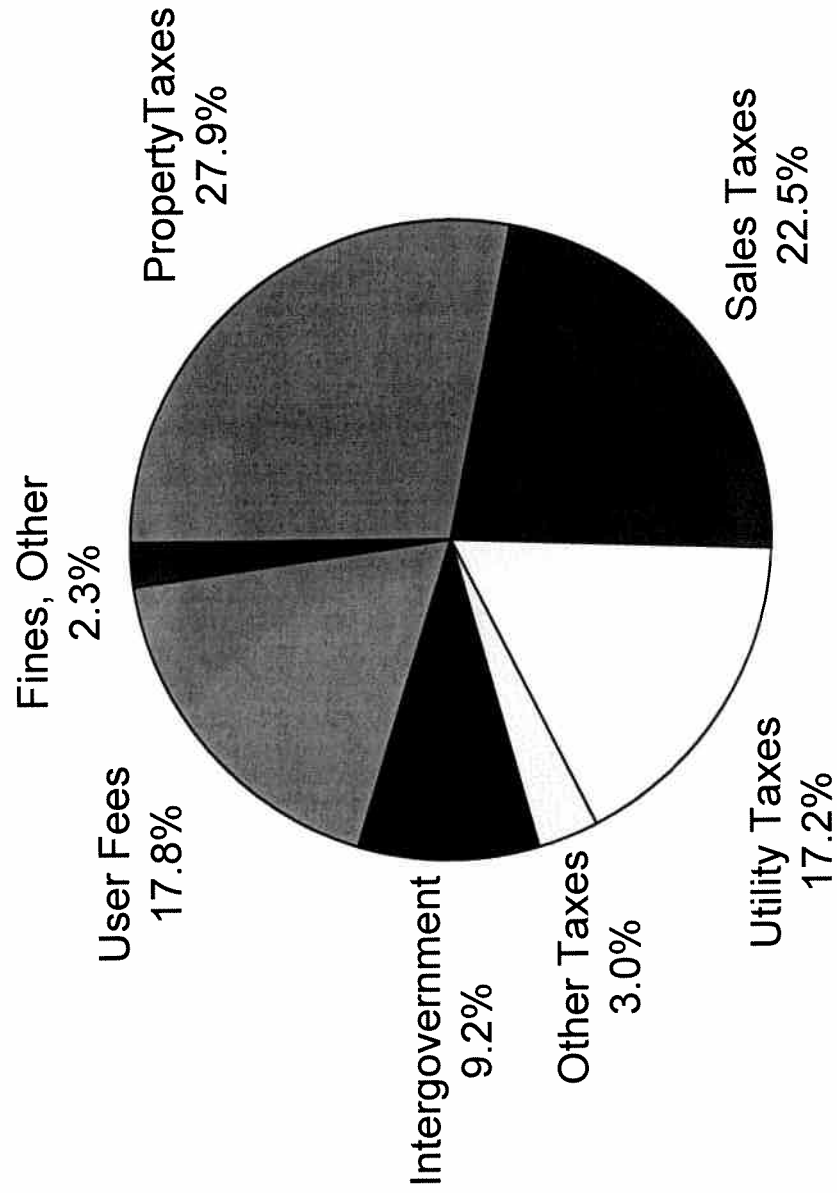
## Pullman's General Fund 2009 Budget



**Estimated Revenues: \$14,628,639**

## **Pullman's General Fund 2009 Budget**

**Estimated Revenues: \$14,628,639**



# 2009 GENERAL FUND REVENUE ESTIMATE SUMMARY

	ACTUAL 2007	AMENDED 2008 BUDGET	YTD 07/31/08	YEAR END 2008 ESTIMATE	PRELIMINARY ESTIMATE 2009	\$ CHANGE ESTIMATES 2009-2008	% CHANGE ESTIMATES 2009-2008
TAXES:							
PROPERTY	3,185,898	3,426,500	1,869,014	3,392,235	3,588,022	161,522	4.7%
EMS TAX LEVY	442,722	476,172	259,717	471,410	498,590	22,418	4.7%
RETAIL SALES	3,263,645	2,974,472	1,830,204	3,428,053	2,979,630	5,158	0.2%
NATURAL GAS USE	228,555	286,305	175,585	282,653	291,132	4,827	1.7%
LOCAL CRIM JUST SALES TAX	302,939	293,118	167,697	300,391	309,403	16,285	5.6%
IF TAXES - UTILITIES - WATER	139,294	135,504	70,273	144,540	142,736	7,232	5.3%
IF TAXES - UTILITIES - SEWER	151,546	135,000	103,329	169,453	154,840	19,840	14.7%
ADMISSIONS	323,795	225,945	234,364	364,901	276,833	50,888	22.5%
UTIL TAX-ENERGY	1,043,707	1,201,003	636,784	1,151,419	1,271,455	70,452	5.9%
UTIL TAX-SOLID WASTE	216,282	223,986	111,586	226,871	233,677	9,691	4.3%
UTIL TAX-TELEPHONE	380,295	391,875	195,709	403,076	415,169	23,294	5.9%
LEASEHOLD EXCISE	41,049	35,000	10,942	22,021	35,000	0	0.0%
GAMBLING	124,932	145,000	36,160	132,747	132,747	(12,253)	-8.5%
TOTAL TAXES:	\$9,844,659	\$9,949,880	\$5,701,364	\$10,489,770	\$10,329,233	\$379,353	3.8%

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CABLE FRANCHISE	190,462	161,090	72,937	145,676	148,590	(12,500)	-7.8%
OTHER LICENSES:	419,454	313,700	123,813	224,671	361,700	48,000	15.3%

## INTERGOVERNMENT:

FEDERAL GRANT TOTALS	43,329	2,000	28,775	27,977	600	(1,400)	-70.0%
STATE GRANT TOTALS	11,177	0	1,644	2,964	0	0	
MOBILE HOME/TRAILER EXCISE	0	0	0	0	0	0	
MOTOR VEH EXCISE	0	26,860	23,630	26,860	26,860	0	0.0%
EQUALIZATION	0	0	0	0	0	0	
CITY ASSISTANCE	149,677	105,616	39,571	72,275	72,275	0	0.0%
LOCAL GOV'T ASSISTANCE	0	0	0	0	0	0	
MVET - CRIMINAL JUSTICE	32,406	0	0	0	0	0	
CTED CRIMINAL JUSTICE	0	0	0	0	0	0	
LIQUOR EXCISE	123,146	126,242	95,550	127,400	136,836	10,594	8.4%
LIQUOR PROFITS	197,732	190,169	91,408	181,993	199,553	9,384	4.9%
FIRE SERVICES WSU	571,931	587,292	391,528	587,292	723,700	136,408	23.2%
WHITMAN CTY LIBRARY DISTRICT	32,704	42,056	15,737	42,056	37,066	(4,990)	-11.9%
EMS CONTRACTS	98,819	91,873	100,674	100,674	91,873	0	0.0%
SCHOOL INTERLOCAL	26,000	26,000	0	0	0	(26,000)	-100.0%
SHARED COSTS WSU	7,500	0	0	0	0	0	#DIV/0!
INTERGOV REC FACILITY-AQUATICS	54,557	59,000	32,517	56,895	60,000	1,000	1.7%
TOTAL INTERGOVT:	\$1,348,976	\$1,257,108	\$821,034	\$1,226,385	\$1,348,763	\$91,655	7.3%

	ACTUAL 2007	AMENDED 2008 BUDGET	YTD 07/31/08	YEAR END 2008 ESTIMATE	PRELIMINARY ESTIMATE 2009	\$ CHANGE ESTIMATES 2009-2008	% CHANGE ESTIMATES 2009-2008
SERVICE CHARGES:	1,815,394	1,742,898	783,019	1,681,694	1,743,717	819	0.0%
INTERFUND CHGS:	318,709	335,337	138,266	330,698	355,426	20,089	6.0%
FINES:	92,439	111,500	53,531	96,852	111,500	0	0.0%
INVESTMENT INCOME	429,017	186,500	184,125	293,833	136,500	(50,000)	-26.8%
OTHER MISC.	172,890	116,038	72,500	133,392	93,210	(22,828)	-19.7%
TOTAL MISC:	\$601,908	\$302,538	\$256,625	427,225	\$229,710	(\$72,828)	-24.1%
TOTAL REVENUES:	\$14,632,001	\$14,174,051	\$7,950,589	\$14,622,972	\$14,628,639	\$454,588	3.2%
BEGINNING CASH:	3,049,938	3,510,045	3,510,045	3,510,045	2,946,705	(563,340)	-16.0%
TOTAL RESOURCES:	\$17,681,939	\$17,684,096	\$11,460,633	\$18,133,016	\$17,575,343	(\$108,752)	-0.6%



# Memo

**To:** Mayor Johnson  
**From:** Troy Woo, Finance Director  
**Date:** June 12, 2008  
**Re:** June 19 Joint Legislative Audit and Review Committee Meeting

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The city of Pullman is very appreciative of the funding it receives from ESSB 6050. Since the passage of ESSB 6050, the city of Pullman has received maximum funding because it is one of the cities most impacted by the repeal of the motor vehicle excise tax (MVET) and is considered a low tax base city.

The city of Pullman is still struggling with the impacts of the loss of the MVET distributions. It was estimated by the Washington State Office of Financial Management (OFM) that the city of Pullman's MVET entitlement loss for the fiscal year 2001 was \$1,305,624. At the time, that was equal to 15.5 percent of all General Fund resources. The State did provide backfill funding to provide relief, but the amount of backfill funding was reduced each year until it reached a low of \$12,100 in 2005. The City had no choice in making hard decisions to increase taxes and to cut its expenditures, which included staffing eliminations and layoffs. Fortunately its citizens have shown great support by taxing themselves to maintain services.

Since 1999, the following taxes and fees have been increased locally.

1. Whitman County increased the sales tax by one-tenth of one percent for criminal justice purposes.
2. The city of Pullman increased the utility tax by one percent for the Street Fund.
3. Pullman voters approved a permanent 50 cent EMS property tax levy.
4. Pullman voters approved a lift to the regular property tax levy to \$3.60 per thousand in order to hire three fire employees and three police employees.
5. Pullman voters approved a levy of 50 cent per thousand to create the Metropolitan Park District.
6. The city of Pullman raised fees for many city services.

7. Private donations were or are being used to fund projects such as the Neill Public Library Expansion, Downtown Riverwalk, downtown flower baskets, and the Grand Avenue Greenway project.
8. WSU students voted to approve a \$15/semester increase to student fees to support Pullman Transit.
9. The city of Pullman passed a gambling tax.
10. Pullman voters this year approved a bond issue to make various improvements such as paths and sidewalk construction and restroom and ballfield lighting improvements in the parks.

Again, the city of Pullman is appreciative of the funding support from the State, but it can use more help. According to the Washington State Department of Revenue data that is used to determine the ESSB funding amounts, the city of Pullman is far below the State averages for sales tax per capita and assessed value per capita. The January 2008 data shows that the city of Pullman sales tax per capita is only 52.7 percent of the state average and its assessed value per capita is only 33.4 percent of the state average. The main reason for these low financial resource indicators is that Pullman is the home to Washington State University (WSU). Pullman is fortunate to have WSU, but it does create a unique dilemma because WSU is property tax exempt and does not promote sales tax generation. The city of Pullman appreciates the concern and understanding the Legislature has shown toward the Washington local governments.