

CITY COUNCIL BUDGET HEARING

Thursday, October 5, 1961
City Council Chambers, 7:00 P. M.

Present on roll call: 7, Cvitanich, Easterday, Murtland, Olson, Porter, Price and Mayor Hanson. Absent 2, Bott and Steele. Mr. Bott coming in at 7:43 P. M. Mr. Steele coming in at 8:00 P. M.

Mayor Hanson said the first to be heard this evening will be Mr. Peck and Mr. Ketler who will speak for the Joint Labor Committee.

Mr. Peck said he would like to state the Committee's position on the proposed 4 1/2% salary increase along with the suggested proposals that are now part of the budget. He said they were not altogether in agreement with this but understand the City's financial situation, and therefore, they are willing to accept what has been proposed.

Mr. Ketler also said the Joint Labor Committee has taken the position of favoring the recommendation.

Mayor Hanson thanked both Mr. Peck and Mr. Ketler for their expression of cooperation.

Mayor Hanson said with reference to the Transit System a data sheet indicating the benefits allowed the Transit employees since February 1, 1961 and the comparative wage rates have been distributed to the Council. The proposal is a 12 cent an hour increase, which unfortunately will not close the gap between other systems, especially Seattle. When the City was negotiating with the employees, the matter of differential in pay was discussed and it was agreed that the City would make an effort to narrow the gap over a period of years. He felt that an additional 3 cents an hour could be given the Transit employees this coming year to further narrow the differential in pay; this would cost the City approximately \$9,000. He indicated that this \$9,000 probably would come out of the \$18,000 originally earmarked for a campaign set up for transit promotion in the preliminary budget.

Mrs. Olson asked if there were any recommendations relative to the decrease in additional personnel in the maintenance section.

Mr. Rowlands said there is no further recommendation at this time, except as he mentioned last night, that it is contemplated as additional reductions are made it will have to be determined whether these will all be made in maintenance or from somewhere else.

Mr. Porter said the proposed budget then reflects the fact that six men will be laid off in Transit.

Mr. Rowlands said that is correct.

Mrs. Price said as she understands it, if revenues picked up considerably and the six employees were needed again, this position would be left in the budget in order that they could be retained.

Mr. Rowlands said as long as the position is there and it is justified the City could continue to pay them in the hopes that the revenues would go up, and that the internal adjustments could be made. What is being explained to the Council is that in the best judgment of Mr. Lee, Transit Director, and

himself, it would be remiss to budget something which they think probably would not be necessary.

Mr. Porter asked what the mechanics were of keeping the position when the employee and money are not provided for in the budget.

Mr. Gaisford said that as long as the positions are budgeted and the revenues are there the men may be hired. In other words a utility must stand on its own feet. If the revenues are over and above those estimated, they may be expended for those positions that are designated in the Budget Ordinance.

Mayor Hanson said if the Council were to adopt this budget which goes into effect in January, it wouldn't necessarily mean six employees would be out of a job. If they were needed they would be continued throughout the year, but it would throw the budget picture off so that at one point or another, assistance would have to be given in the form of some allocation of funds for salaries.

Mrs. Olson asked if this would require Council action.

Mr. Gaisford said if savings were made in other areas of their particular budget regardless of what section, it would be within the authority of the Transit Director and City Manager to hire.

Mr. Cvitanich asked from what departments of the Transit Company will these six employees be eliminated.

Mr. Lee said as the Council realizes they have had only five months to study this situation and he would not like to commit himself without more study and research.

Mr. Rowlands said he felt they would be remiss if they did not reflect the preliminary thinking, and he would trust that the Council will give management a little latitude in trying to work this out in a reasonable, equitable manner so that the operation will continue to be as effective as possible.

Mr. Cvitanich remarked that the maintenance division has been reduced so far by nine men and as yet the result on the overall effect on the maintenance program is not known. He thought they were a little premature in even thinking about reducing six more men from maintenance.

Mr. Bott coming in at this time.

Mr. Rowlands said it has only been one month, but from Mr. Lee's observation everything has been going along very effectively.

Mayor Hanson said, as he understands, no reduction in force will be made until this has been clearly analyzed and it is shown that the operation can continue at the same level with a reduction of employees.

Mayor Hanson asked what the thinking of the Council was in regard to the additional three cents being granted to the Transit employees.

Mrs. Olson said she would like to see this put into effect, however, she wondered if it would be possible to submit this as a recommendation and then move on to the next order of business.

Mayor Hanson said if the Council so desires, that would be proper. The next item on the agenda is the Washington Natural Gas Co.

Mr. Steele coming in at this time.

Mr. Richard Hodge, attorney representing the company, said he was present this evening to protest a proposed boost of the Washington Natural Gas Company's city business tax from 3 percent to 6 percent of its gross revenues. He said they certainly sympathize with the City Council and their difficulty

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facing them in enacting a budget that will satisfy everyone and certainly agree that where wage increases and expenditures are required, they should have the authority to impose additional taxes. However, he said they believe that any increase in taxes should be fair and equitable and should not be discriminatory against anyone group. Washington Natural Gas pays a 2% franchise tax upon its gross income received from the sale of gas within the City. It also pays a business occupation tax of 3%. Now a 100% increase of the business and occupation tax is proposed - 6% - with the idea of raising an additional \$54,000. This raise in the business and occupation tax is passed on directly to the consumer, so if this 6% rate is imposed, it is actually being placed upon the home owners and business operators who are gas consumers in the community. They compose about 10% of the fuel consumers in the City of Tacoma. Therefore what is being proposed here is imposing the additional cost of government, not upon the entire community of fuel consumers, but upon about 10%. A private business engaged in the sale of liquid or solid fuel oil pay a business and occupation tax of .1% of 1% and obviously no franchise tax. To impose a further tax upon the consumers of gas he believes is discriminatory, unreasonable and unjust and it places upon a very few fuel consumers a tax burden which could and should be borne by all.

Mr. Hodges said Washington Natural Gas is engaged in a very competitive business. To impose this additional tax upon them is putting them in a more difficult position in the competitive market of selling fuel. If additional tax is required from fuel users, they would suggest, which they feel is a fair one, to apply a 1% tax on gross revenues from all forms of fuel sold in the City. That will raise more than the amount they expect to raise by imposing an additional 3% on the gas users and it will not discriminate against any group of fuel consumers, therefore, allowing all fuel distributors to maintain a competitive position. It is not the company that is going to have to pay this bill; it is the consumers. In conclusion, he added, they earnestly submit that the tax as proposed will discriminate against the small group of gas users, that it will reduce unfairly the competitive position of the Gas Company in the community and could very well result in loss tax revenue to the City.

Mr. Bott pointed out that the fuel oil companies pay a city business license fee and also a license fee on each truck as well as the business tax. He said the business tax paid by the gas company was more in the nature of a franchise tax, to allow them to lay pipe in the City's streets.

Mr. Poor, Vice President of the Washington Natural Gas Co., said there are many other taxes the Washington Natural Gas Company also pays to the State and to the Federal Government.

Mr. Hodges said Washington Natural Gas is willing to pay its share, but they think that all people similarly situated should also pay their fair share.

Mr. Murtland asked if these two B & O taxes, the .1 of 1% to other fuels and the 3% to the Washington Gas Co. were imposed at the same time.

Mr. Rowlands stated that they were not because the .1 of 1% has been in effect for some years. There is no relation between the two. The other 2% was put into effect in 1959 and in 1961 the adjustment was made to 3%.

Mayor Hanson said assuming that the Council was to have before them an Ordinance increasing the gross earnings tax, he wondered if it would be possible at the same time to have an Ordinance before them with reference to raising the 2% tax generally.

Mayor Hanson said he did not think it would be proper for the Council to indicate anything, other than they would be willing to explore the possibility of imposing a 1% tax on all fuel companies.

Mr. Hodges said they would be happy just to know that the Council will explore this area.

Mr. Rowlands said Mr. Peck of the Consumers Central Heating Co. asked that his protest be registered against the increase from 4% to 5% on their gross earnings.

Mayor Hanson said at the time this matter is up for discussion, the Council will have studied the alternate method.

Mayor Hanson said a matter of unfinished business is before the Council at this time with reference to the Clothing allowance for the non-uniformed personnel which was postponed from last evening's budget hearing.

Mr. Bott asked Mr. Rowlands if he has arrived at any recommendation as far as the number of non-uniformed personnel to which a clothing allowance should be granted.

Mr. Rowlands said he would recommend inasmuch as the commissioned officers have already, by past council action, been given a clothing allowance of \$50, it would seem to him that it would be rather difficult to make a distinction at this time and thought all those receiving allowances now should continue to do so.

Mrs. Price said she would not be in favor of taking away something that they are now receiving.

Mr. Bott said he would like to see this classified something other than a clothing allowance, and give to those assigned outside a clothing allowance and then redistribute this other \$50.00.

Mayor Hanson said he thought sufficient discussion has been given this matter. Last evening Mr. Porter moved that the non-uniformed commissioned police officers be granted \$120 per year clothing allowance. His motion was then amended to \$75.00 per year. At this point, perhaps discussion could be held on the amendment of \$75.00 per year.

Mr. Murtland said he felt somewhat the same as Mr. Bott, he was not certain that everyone in the non-uniformed classification were entitled to this clothing allowance.

Mayor Hanson asked if anyone would like to make a motion to limit this clothing allowance to the non-uniformed in the Detective Division.

Mr. Bott moved to amend the motion before the Council, that the determination be made by the department, so that the non-uniformed personnel whose primary assignment is outside, be granted this new increase and the other personnel retain the allowance they presently have. Seconded by Mr. Murtland.

After further discussion, Mr. Murtland moved that the motion plus the amendments be tabled. Seconded by Mr. Steele.

Roll call was taken resulting as follows: Ayes 4; Nays 5; Cvitanich, Hasterday, Porter, Price, Hanson. Motion lost.

Mr. Cvitanich said he would like to point out if the men in the Identification Bureau who are non-uniformed commissioned police officers and do not receive this clothing allowance increase the same as the Detectives,

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he felt it would create a split among the personnel in the Police Dept. He said this is the sort of thing that creates problems which take many many years to heal. He cautioned the Council about voting in favor of this amendment.

Mr. Porter stated that he did not see how the two could be separated as he has found that the personnel in the Identification Bureau have as much wear and tear on their clothing as do the Detectives.

After some discussion, Roll call was taken on the motion to limit the increase to those members of the non-uniformed personnel whose duties are on the outside.

Ayes 2; Nays 7; Cvitanich, Easterday, Olson, Porter, Price, Steele, Hanson. Motion failed.

Mrs. Price said she would move to amend the motion so as to allow a \$100 clothing allowance to all non-uniformed personnel. Seconded by Mr. Cvitanich.

Mr. Murtland felt that the question of the \$299,000 in salary increases should be considered first, and then work from there.

Mayor Hanson said there was a great deal of logic in what Mr. Murtland said. However, this will not throw off the entire budget if the Council were to get this one item out of the way and then proceed.

Roll call was then taken on Mrs. Price's motion to allow a \$100 clothing allowance to all non-uniformed personnel, resulting as follows:

Ayes 8; Nays 1; Murtland. Motion carried.

Voice vote was then taken on the amendment which was amended from \$75 to \$100. Motion carried.

Roll call was then taken on the primary motion as amended which was to grant to all the non-uniformed commissioned personnel of the Police Dept. a \$100 clothing allowance, resulting as follows:

Ayes 8; Nays 1; Murtland. Motion carried.

Mr. Murtland explained that the only reason he was voting against this motion was because he was not in favor of the \$100 allowance. He was not against the increase in the clothing allowance, as such, but thought that \$75 was sufficient.

Mr. Rowlands said as a result of last night's meeting the salary recommendations for 1962 have been revised and presented to the Council for their consideration this evening.

Mayor Hanson said the Council has before them the revised salary recommendations which is a general step increase with certain additional adjustments in certain areas.

Mrs. Olson moved that a one range increase be granted to all classified personnel. Seconded by Mr. Bott.

Mr. Easterday asked what one range would amount to.

Mr. Rowlands said this would cost \$282,000.

Mr. Murtland indicated once again he would like to ask the Council to think seriously as to whether or not a full range increase is proper.

After some discussion on the motion, Mr. Murtland moved to amend Mrs. Olson's motion to provide that a 4 1/2% increase apply to all employees of the City rather than just the classified employees. Seconded by Mr. Bott.

Council recessed for 15 minutes.

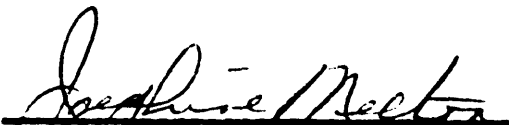
Council reconvened at 9:30 P. M.

Mrs. Olson said since there seems to be quite an area of disagreement, perhaps, it would be well to recess the meeting for this evening and discuss the matter further in the Conference Room in order that they may come to some agreement at tomorrow's budget hearing. Mrs. Olson moved to recess until Friday at 7 P. M. Seconded by Mr. Easterday.

Meeting adjourned at 9:35 P. M.


Mayor of the City Council

Attest:


City Clerk