

COUNCIL CHAMBER, 7:30 P. M.

Wednesday, October 9, 1957.

Council reconvened. Present on roll call 7: Battin, Bratrud, Humiston, Jensen, Perdue, Stojack and Mayor Anderson. Mrs. Goering took her seat at 8:00 P. M. and Mr. Tollefson took his seat at 8:05 P. M.

UNFINISHED BUSINESS:

This is the date to which the hearing on the Preliminary Budget was continued.

Dr. Humiston advised that he and Mr. Bratrud of the Council Utility Committee had met with the Utility Board members this afternoon for a discussion of the proposed Revenue Adjustments involving the Utility Department. Mr. Barline and Mr. Rowlands were also present at this meeting, Dr. Humiston stated. The item of \$12,454 - Increased Charges to Utilities - was explored thoroughly. Dr. Humiston pointed out that there are two components to this item (1) changes from 57% to 58% in the allotment to City Departments, (2) salary increases in proposed budget are reflected in these changes. This is part of a much larger problem, which has been discussed by Council, and that is, the question of charges for billing for garbage and sewers. The increases outlined on the Sheet "Proposed Revenue Adjustments" will be accepted by the Utility Department, Dr. Humiston said. However, the Board felt that within two weeks a study of each of the items, and also the billing practices and charges for same, and other inter-departmental charges, should be given a full study, and the Council Committee again meet with the Utility Board and then report back to Council. The figure of \$12,454 will be accepted and adjustments will be made in the Utility Budgets so this amount can remain in the General Fund Budget, Dr. Humiston advised. The increase of gross earnings tax of the Belt Line from 5% to 8%, amounting to \$13,665, was also considered. The Utility Board felt the increase would be a heavy burden on the Belt Line, and the Council Committee was agreeable to recommending to Council that the Belt Line gross earnings tax remain at 5%, Dr. Humiston reported. The Utility Board realized that since 8% gross earnings tax is levied on the Light Division, it was also proper that 8% be levied on the Water Division, Dr. Humiston stated. He also pointed out there will automatically be an increase of approximately \$11,000 in Gross earnings tax from the Water Division as a result of the recently voted increase in Water rates. The Board agreed to leave the Water Division Gross earnings tax increase in the Budget and the Council Committee will meet in two weeks with the Utility Board to iron out any differences in charges, Dr. Humiston stated.

Mayor Anderson stated that the next item to be considered is the increase in B & O Tax for the Pacific Telephone and Telegraph Co. from 6½% to 8%. Mr. Eric O. Brown, Manager of the Telephone Company, was called upon to talk for the company. Mr. Brown said the Telephone Co. was aware of the problems facing the City due to increased costs and demands. He gave the Council a few facts about the Telephone Company's tax burden. Their customers pay 6½% City tax and 10% Federal excise tax, making a total of 16½% direct taxes. In addition there are eight indirect taxes, so actually 26% of every dollar goes for taxes. The tax load is already heavy, and Mr. Brown urged Council to weigh all the facts carefully before adding further tax burden to the Telephone subscribers.

Mayor Anderson left at this time (7:55 P. M.) and Dr. Battin assumed the Chair.

Dr. Battin asked if it would be appropriate for Council to accept the report and recommendation made by Dr. Humiston on behalf of the Utility Committee.

Dr. Humiston moved that the recommendation of the City Manager relative to increasing the gross earnings tax of the Belt Line from 5% to 8% be deleted from the "Proposed Revenue Adjustment" sheet. Motion seconded by Mr. Bratrud and carried on roll call: Ayes 8; Nays 0; Absent 1; Anderson.

Mr. Leland Jones, Tacoma Manager of the Washington Natural Gas Co., appeared ⁴³⁰ on behalf of the company he represents. Mr. Jones told Council that their fourteen large industrial customers now pay \$20,000 tax to the City this year and, if the 3% increase is into effect, this group will pay an additional \$30,000 next year. Moreover, their residential customers will pay an additional \$20,000 under the new 3% tax. Even at the present rate, next year their customers will pay \$20,000 more in taxes to the City of Tacoma because of increased volume of business. Therefore, the City will actually receive \$70,000 added revenue with the 3% increase instead of the \$13,870 estimated by the Manager, Mr. Jones claimed. If the Council did nothing about increasing the tax, the City will more than double the tax received from the Washington Natural Gas Co., stated. Mr. Jones called upon Mr. Wilson Gaw, Vice-President of the Washington Natural Gas Co. of Seattle to give some further explanations. Mr. Gaw explained that the Gas Company was not a utility in the same sense as electricity, water, or sewers, inasmuch as the home has access to other forms of heating. He said a tax should also be imposed on fuel and other forms of fuel. He pointed out that their company was just beginning operations in the City with a cheap form of heat, and he urged Council to give them an opportunity to get started before burdening them with additional taxes. He advised his company paid \$14,136 on the 2% Franchise tax in 1957 and they estimate next year they will pay \$16,000 at the same rate, or an increase of \$16,000 in Franchise tax.

Representatives from a number of industries including Atlas Foundry Co., North-Door Co., Pennsylvania Salt Co., Hooker Electrochemical, Kaiser Aluminum, Container and the Home Service Co. spoke against the proposed 3% B & O Tax on the Washington Gas Co. These officials stated their companies had expended a considerable sum of money to convert to gas because it was a cheaper form of fuel, and it would be a heavy financial burden to immediately receive an increase in rates on top of the expense they have already

Mayor Anderson said the Council realizes the problems of the industries, and asked they would look into the matter more carefully before they imposed the 3% B & O

Mr. Rowlands said the staff would be able to submit firm figures on what would be required by 1%, 2%, 3% B & O Tax at tomorrow's meeting, so the Council will have some alternatives to consider.

Mayor Anderson thanked the group for appearing to present their problems and asked them that Council would study the matter and would probably have some favorable comments to report at tomorrow's meeting.

Mayor Anderson announced that the Park Board Budget would be discussed next.

Mr. Rowlands stated there were two matters before the Council (1) The Park Board Budget and (2) the proposed agreement. The agreement should be resolved before the budget is adopted, he added.

Mayor Anderson asked Mr. Williams of the Park Board if there were any corrections to the agreement which he felt should be made. Mr. Williams said the Park Board had not had an opportunity to discuss this collectively, but there are a few things he thought should be clarified. He pointed out that as regards #4, Paragraph 1, relative to purchasing through the City of Tacoma's purchasing office, there are some things the Park Board should undoubtedly purchase on the outside and obtain much better prices. The general idea of the provision is all right, he added.

Mr. Bratrud stated that with reference to Paragraph 2 of this provision, that the City's and Metropolitan Park Board's insurance could not be tied together. This paragraph merely states that the services of the City's insurance committee be utilized for obtaining insurance coverage, it was pointed out.

Pertaining to #6, relative to a revision of schedules of fees charged for rental of boats, etc. so they are the same as the fees by others for rendering similar service, Mr. Williams said the charges for these services are comparable with those charged by other boathouses. Rental of boats is 25¢ a month lower, and the charge for bait is comparable. The difference in boat rental could be reviewed, he added.

Regarding #7, which requires they secure approval of Council prior to making transfers in their budget, Mr. Williams advised they occasionally make light adjustments

in their budget, but do not make any major changes. Relative to accounting, Mr. Williams said they are audited every year by the State Auditors and they have followed all recommendations to the letter.

Mr. Wilford Brown of the Park Board said he felt a phrase should be added to #4, which would allow the Park Board to make purchase where they can do so at a saving. Mr. Gaisford pointed out that they could recommend where the purchases could be made at a saving, but all purchases should go through the Purchasing Agent so they can certify whether or not funds are available.

Mr. Brown objected to provision 5 relative to giving notice to the City Manager in advance of any and all meetings for the reason that the Board sometimes has informal discussion meetings, which they do not feel others should attend.

Mr. Bratrud suggested this be stricken from the agreement. It was moved by Mr. Bratrud to strike the following words from (4) "or any of the elected officials thereof whether said meetings be public meetings or informal meetings. Motion seconded by Mrs. Goering. Roll Call: Ayes 7; Nays 1; Battin, Absent 1; Humiston.

Mr. Tollefson said that after the agreement has been drawn and he has had a chance to examine it, and see all the details involved he has changed his mind on this matter. Previously the Council more or less adopted the policy of granting the Park Board a certain sum of money without telling the Board how it is to be used or how big their program should be, and he believed this was a good policy, and he would be in favor of not having an agreement between the City and the Park Board, he stated. It was then moved by Mr. Tollefson that there be no signed agreement between the Park Board and the City except that this particular agreement as drawn would be in the nature of a working arrangement or a matter of policy rather than an agreement. Motion seconded by Mr. Bratrud.

Mr. Bratrud said he favored this idea rather than a set agreement.

Dr. Battin pointed out that when the City first allocated a certain sum of money in the neighborhood of \$250,000 to the Park Board, it was with the understanding that the City would have some jurisdiction and knowledge concerning how these funds would be spent. This has never been carried out to date, and he felt that this agreement would implement this idea, and for this reason he favored the agreement, Dr. Battin said.

Dr. Battin stated further that in making these statements he had no intention of reflecting on the Park Board members, but he believed that good business practice requires that the City Council should know where and how the funds provided are spent.

Roll was then called on Mr. Tollefson's motion that there be no signed agreement between the City and the Park Board, resulting as follows: Ayes 4; Bratrud, Stojack, Tollefson, Anderson. Nays 4; Battin, Goering, Jensen, Perdue, Absent 1; Humiston. Motion declared lost.

A ten minute recess was taken at this time for a coffee break.

Council reconvened: Present 8; Absent 1, Humiston.

Mayor Anderson stated that Council still had the agreement with one amendment before them and asked if the members were ready to vote on this now. It was moved by Dr. Battin, seconded by Mr. Perdue, to approve the agreement as amended. Roll Call: Ayes 4; Battin, Goering, Jensen, Perdue. Nays 4; Bratrud, Stojack, Tollefson, Anderson. Absent 1; Humiston. Motion declared lost.

Mr. Rowlands pointed out that the Budget was now out of balance. The General Fund Budget has been reduced approximately \$800,000 under the amounts originally requested or almost 15%. The Library Board Budget has not been decreased, the Park Board Budget has been reduced from \$749,693 to \$731,312 or approximately 2.51%, Mr. Rowlands reported. He said the Budget is still \$100,000 short in the amount he would like to see in the City Street Fund for street projects. There are several other items involving about \$25,000, which he would like to see back in the General Fund Budget, he added.

Mr. Tollefson said he did not see how the City could give the Library and the Park Boards as much money as they requested and still continue to give the citizens the

ices they have in the past, as it appears the Council needs to pick up approximately \$100,000 in additional revenue if they do this.

Mr. Rowlands said several determinations will have to be made in the Proposed Revenue adjustments in order to balance the Budget.

Mr. Rowlands said it is his understanding that the School Board is unable to finance \$36,000 for the Park Board's recreation program due to the unfavorable vote on School millage last Spring and he wondered if the Council wanted to do something to finance this program.

The matter was discussed and Mr. Williams advised that the Park Board was going to make some shifts in its Budget, if possible, so they would have sufficient funds to at least carry on the nucleus of this program.

Mrs. Goering said the Council was cutting City services to ribbons to assume services which the citizens failed to vote for. She felt the time had come when the Council will have to evaluate how far it can go, Mrs. Goering added.

Dr. Battin asked how much of the 1958 L. I. D. Participating Fund had been spent to date.

Mr. Rowlands said the Public Works had originally recommended that \$170,000 be allocated in this fund, and this amount had been reduced to \$152,000 in the Budget. He would like to see that the \$18,000 be restored to this fund. Mr. Staman advised that improvements totaling of five L. I. D.'s had already been passed, which amounted to \$106,000 and that future hearings are scheduled which will require an additional \$33,000.

Mr. Rowlands said the Self-Insurance fund which is used to settle claims against the City, had been budgeted at \$10,000, and he would like to see this fund allocated an additional \$5,000 this year. Mr. Gaisford and Atty. Hamilton explained the advantages of having such a fund. Mr. Rowlands said he felt that \$10,000 or \$15,000 should be put into the fund each year for the next three or four years in an effort to build it up to \$50,000.

Mr. Rowlands pointed out that the Budget is now \$45,465 short which includes the \$100,000 deleted from the Belt Line gross earnings tax increases.

Mr. Tollefson made the observation that the Council will have to determine just what services they can give with the funds available or else they would have to pick up additional revenue. Methods of bringing the Budget into balance were discussed.

Dr. Battin said it was his understanding that the Proposed Revenue adjustments were included in the final budget, and if Council approves the Budget it would sustain these adjustments so no Council action is necessary on each specific item.

The matter of levying a B & O tax on the Washington Natural Gas Co. was brought up again and discussed further. Mr. Perdue said a 3% B & O tax on this Company would definitely help the Budget. Mr. Rowlands advised that a 1% tax would amount to \$15,000, a 2% would be \$30,000 and 3% would be \$45,000. The estimate of \$13,870 which they made for a 2% B & O tax in the Proposed Revenue adjustments was way off and should be ignored, Mr. Rowlands said. A B & O tax of less than 3% was discussed. Mr. Bratrud suggested 1% for the first year. It was moved by Dr. Battin that the B & O tax on the Washington Natural Gas Co. be fixed at 1%. No second. Motion was lost.

Mr. Jensen said he felt the tax should be considered on a percentage basis rather than a certain amount, since it is based on revenue of the Company. He did not think that any of the firms appearing against the proposed B & O tax at tonight's meeting would be heavily burdened by this increase. He also pointed out that a large amount of the profits of this Company do not remain in Tacoma, but are forwarded to the main office, and the number of employees on the payroll in Tacoma is relatively small.

It was moved by Dr. Battin that the B & O tax for the Washington Natural Gas Co. be fixed at 2%. Motion seconded by Mr. Jensen and carried on roll call: Ayes 6; Nays 2; Bratrud and Stojack. Absent 1; Dr. Humiston.

Mr. Rowlands reported the Budget is still \$15,465 short after the addition of the \$30,000 from the B & O tax of the Washington Natural Gas Co.

It was moved by Dr. Battin that \$10,465 be cut from the Park Board Budget and \$5,000 from the Library Budget. Motion seconded by Mr. Tollefson.

Mr. Tollefson, in speaking on the motion, suggested an even amount be cut from the Park Board and Library Budgets. Mr. Rowlands pointed out that according to suggestions made by the Lybrand Ross Bros. Report it was possible for the Park Board to increase its revenue by \$13,000 or \$14,000 annually. Mayor Anderson asked Mr. Ibbotson if, as a representative of the Library Board, he had anything to say before Council acted on their Budget. Mr. Ibbotson said they had prepared a budget of \$532,000 originally, which had been trimmed to \$495,720 before it was presented to the City Manager. The Library Budget can be reduced by whatever amount the Council directed, Mr. Ibbotson stated.

Mr. Bratrud moved that the motion be amended to read that the \$15,465 deficit be taken off equally from the Park Board and Library Board Budgets. Motion seconded by Mr. Stojack. Roll Call: Ayes 2; Bratrud, Stojack. Nays 6; Battin, Goering, Jensen, Perdue, Tollefson, Anderson. Absent 1; Humiston. Amendment lost on roll call.

Roll was then called on Dr. Battin's motion that \$10,465 be cut from the Park Board Budget and \$5,000 from the Library Budget. Ayes 5; Battin, Jensen, Perdue, Tollefson, Anderson. Nays 3; Bratrud, Goering, Stojack. Absent 1; Humiston. Motion carried.

Mayor Anderson thanked members and representatives of the Park and Library Boards for being present.

Mr. Rowlands referred to Page 101 of the Budget, and specifically to (3) Right of Way Acquisition - \$15,000, and said there is \$40,000 now available in this fund and this amount should be re-appropriated to make the fund \$55,000. Mr. Staman said that this amount would not be used this year as it is to be used as a part of the six year program.

Moved by Dr. Battin, seconded by Mr. Perdue, that \$40,000 now in the Right of Way Acquisition Fund be re-appropriated for 1958. Carried on roll call: Ayes 8; Nays 0; Absent 1, Humiston

Mr. Rowlands said in preparing the final Budget they were ready to stand on the recommendation of Council for an increase of 20% on residential rates and 25% on industrial rates on Garbage Collection. Mayor Anderson said this increase had been previously approved by vote of the Council, and he asked the Attorney to prepare an ordinance to cover this rate increase.

7 Mr. Rowlands called attention to a letter received by the Mayor from Randy Green Business Manager of the Electrical Workers, advising they have one specific area of disagreement with management which they wish to have submitted to arbitration as provided by Section 6:17 of the City Charter in reference to Fire-alarm Dispatchers. Mr. Green spoke on this matter, and suggested it be considered by a committee, preferably at a meeting tomorrow morning rather than by the Council tonight, as he felt they were too weary after the long session to take this matter up now. This was discussed and it was decided that a committee consisting of the Fire Chief, City Manager and Mr. Green and one Council member would meet in the Manager's office at 1:30 P. M. Thursday to consider this matter. Dr. Battin was appointed as the Council member to serve on this committee.

It was moved, seconded and carried that the hearing on the Budget be continued to 4:00 P. M. Thursday, October 10th.

Council then recessed (at 11:50 P. M.) to 4:00 P. M. October 10th.

Attest: Josephine Meeter
City Clerk.

John A. Anderson
President of City Council.