

Council Chambers, 4:00 P.M.
Monday, March 23, 1959

Council met in regular session. Present on roll call 8; Anderson, Bratrud, Easterday, Humiston, Perdue, Porter, Price and Mayor Hanson. Absent 2; roll call 1, Mrs. Goering. Mrs. Goering coming in at 4:25 P.M.

Mr. Anderson moved that the minutes of the meeting of March 16, 1959 be approved as submitted. Seconded by Mr. Bratrud. Roll call: Ayes 8; Nays 0; Absent 1, Mrs. Goering.

HEARINGS AND APPEALS:

This is the date set for hearing on the petition of the Holy Cross Parish for the vacation of property on Shirley Street between No. 43rd and No. 44th Streets, together with the westerly 75' of the alley lying between Shirley and Bennett Streets.

Mr. Paul Benson, Assistant Planning Director, explained that the Planning Commission recommended approval of this vacation subject to the following conditions: The City Light has asked for two easements over the area to be vacated in order to set up poles and equipment and for the operating and maintaining of said poles and equipment. Also that a public right-of-way be dedicated to provide for an adequate vehicular turn-around at the end of the alley which is being made a dead-end by the vacation.

Mr. Easterday moved that the Council concur in the recommendation of the Planning Commission and that an Ordinance be drawn vacating the property on Shirley Street from No. 43rd to No. 44th Street. Seconded by Mr. Bratrud. Roll call: Ayes 8; Nays 0; Absent 1, Mrs. Goering.

PETITIONS:

Petition from Jack E. Hertzberg requesting the reclassification of property located at Center and Orchard from an R-2 District to a R-II-L District.

Referred to the Planning Commission.

RESOLUTIONS:

Resolution No. 15691

L I D 6763

BY PRICE:

Fixing Tuesday April 14, 1959 at 4:00 P.M. as the date for hearing on L I D 6763 for the installation of modern lighting on ornamental steel or concrete standard on So. Tacoma Avenue from So. 35th to So. 38th Street; Thompson Avenue from So. 35th to So. 48th; G from So. 38th to So. 48th; Park Avenue from So. 48th to So. 64th Street.

It was moved by Mr. Perdue to adopt the Resolution, seconded by Mrs. Price.

Adopted on roll call March 23, 1959
Ayes 8; Nays 0; Absent 1, Goering.

Mr. Anderson moved that the rules be suspended to take up three Resolutions on the agenda. Seconded by Mr. Bratrud. Roll call: Ayes 8; Nays 0; Absent 1, Goering.

Resolution No. 15692

BY BRATRUD:

Awarding contract for furnishing passenger tires, truck tires and all tire tubes as required for the calendar year of 1959 to the Wested Tire Company for the total estimated amount of \$18,600.00. 20

It was moved by Mr. Bratrud to adopt the Resolution, seconded by Mr. Anderson.

Mr. Rowlands, City Manager, said the awarding of the tire contract had been investigated and discussed quite thoroughly a few weeks ago when there was a question as to whether the bid should be awarded to the Wested Tire Company or split between the Wested Company and the Evergreen Truck Service. On March 2, 1959 the Council decided the entire bid should be given to Wested. It was then re-examined by the Utility Board who concurred with the Council's decision.

Roll was then taken on the Resolution.

Adopted on roll call March 23, 1959
Ayes 8; Nays 0; Absent 1, Goering

Resolution No. 15693

BY EASTERDAY:

Authorizing the proper officers of the City to sell to Tenney Truck and Tractor Service one 1943 Studebaker Six Wheel Wrecker for the sum of \$1,515.00.

It was moved by Mr. Anderson to adopt the Resolution, seconded by Mr. Bratrud.

Mr. Schuster, Public Works Director, said bids were called for on this wrecker last year but the highest sum received was around \$900 so it was not sold. He said it is a heavy duty wrecker used very seldom, and it was found that a commercial wrecker could take care of the few calls cheaper than it would cost the City to maintain and operate this large wrecker. He felt the price that was bid on this wrecker was a good bid.

Roll was then taken on the Resolution.

Adopted on roll call March 23, 1959.
Ayes 8; Nays 0; Absent 1, Goering

Resolution No. 15694

BY REQUEST OF ANDERSON:

Authorizing the proper officers of the City to make payment to Pierce County for the benefit of taxing districts within which any part of the electrical 35
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facilities recently acquired from the Puget Sound Power and Light Company are located, and said payment to be the sum of \$6,094.64 for the year 1959, and shall be paid fifty per cent from the proper operating funds of the City Light Dept. and the remaining fifty percent to be deducted and credited against the amount due the General Government from the 8% gross earnings tax now imposed on the Light Utility. This Resolution was read in full as requested by Mayor Hanson.

It was moved by Mr. Anderson to adopt the Resolution, seconded by Mr. Bratr

Dr. Humiston said there is a principle involved in this matter of whether or not the tax payment should be deducted from the gross earnings tax. As he interprets the Charter, the Council has the authority to levy a gross earnings tax up to a certain amount against the Utility's operation and he felt the Council was entirely within their right to make this levy. He said if the Council decided that this \$6,000 to Pierce County could be deducted from the 8% gross earnings tax, then all of the other "in lieu of Taxes" payments made by the Utilities should also be deducted

Dr. Humiston said the Council should recognize that the Gross Earnings tax is one of the City's major sources of revenue - a pattern on which the government has been financed here for many years. The financial situation in the General Government is such that they are in no position to be generous. The Council should do what is right according to the Charter. He said he did not agree on the Fifty Fifty basis. Either the Utilities Department should pay it out of their revenues or it should be deducted from the gross earnings tax.

The argument of isolating one segment of the Utilities operation and saying that the taxes honor us "does not hold water." The gross earnings tax paid by the Utilities, with no deductions, are still less than would be paid by a private utility.

Dr. Humiston added that he could understand the Utility Department desired to run the cheapest possible operation for the consumers of electricity in the City of Tacoma and he felt they should make every possible plea to try to get the Council to deduct such payments, but the City Council has a whole city-wide responsibility/ He said he would be in favor of defeating this Resolution and passing Ordinance No. 16310 as written, which will come up later on the agenda.

Mr. Anderson said he agreed wholeheartedly with Dr. Humiston's remarks but he had asked that this Resolution be brought up in the interest of harmony in City Government between the Council and the Utility Board. This matter has been before them for months and months and he would like to see the Resolution passed so this could be settled.

Dr. Humiston moved to amend this Resolution to include the "in lieu of Tax" payment to School District 404 in Eastonville, in the amount of \$7,000; to Hoods Canal School District No. 312 in the amount of \$4,000; to Hoodsport Fire District in the amount of \$500 and to Mason County in the amount of \$35,000; and the annual payments which have been agreed to be paid to Lewis County in the future in the amount of \$15,000 per generator when the Cowlitz Project is built, be paid - fifty percent by the Utilities Department and fifty percent to be deducted from the gross earnings tax. He said he felt the Council should be consistent.

Mr. Anderson then seconded Dr. Humiston's motion, stating he would second the motion so he could vote against it.

Mr. Porter said he felt that since these other "in lieu of taxes" payments have never been in question they should not now be considered. Therefore, he was opposed to Dr. Humiston's motion.

Mayor Hanson asked Mr. Barline if any of these payments such as the one in Mason County are payments to facilities that were actual operating distribution facilities at the time the tax payments were determined.

Mr. Barline said these taxes that Dr. Humiston is referring to are all in reference to power facilities and are not "in lieu of taxes" payments. He pointed out that the other payments are made under a different state Statute and are for actual services received, to compensate for schools for employees children near City light power plants and for roads and fire protection in those areas.

Mr. Hudson, Chairman of the Utility Board, said they felt that the Utilities should not have to pay this \$6,000. He said they may compromise and settle it now, but that would not settle the basic issue. He feels that the people in Tacoma would like to maintain the 8% as the maximum and they are willing to take it to the voters for a decision. He said this would probably come up again as the Utilities might acquire some property next year and if the precedent is established now of splitting the cost, what will happen then.

Mr. Murray, member of the Utility Board, also stated this would be setting a precedent. The City receives \$16,000 from this purchase and would still receive \$10,000 if the \$6,000 were deducted. The Utilities Department is planning on future expansion and this definitely is going to make a difference.

Mayor Hanson said this Resolution would not set an absolute policy as the resolution indicates that in the future, in the event the Utility Department contemplates or desires to purchase other facilities which may result in payment to other taxing districts, then the source of payment will be determined as part of the element of the purchase. However, he did agree that this was an opportunity for the Council to establish a policy to encourage the future expansion of the Utilities which is necessary in maintaining the lower commercial rate.

Mr. Murray, Utility Board member, stated the Council's position amounted to requiring a double payment by customers outside the City for the benefit of those inside the City. If the deduction was allowed, he said, the County customers would get at least part of the taxes on their bill back in the form of services. He said if the Council wants to vote against the recommendation of the Utility Board, they have another problem, "Whether the Council can tell the Utility Board what to do with the Utilities funds."

Mrs. Goering said Mr. Murray and herself had served on the Freeholder's Commission and at that time such a situation as this was not foreseen and therefore not provided for. She asked Mr. Murray if he thought the Charter should be amended to cover this situation. She said she agreed that a compromise settled nothing. Mr. Murray said he would favor clarifying the situation if it needed clarifying.

However, he said, that particular section of the Charter authorizing a gross earnings tax has two phrases, one that the tax imposed should not be disproportionate of what a privately owned company would pay. The other one is that it cannot exceed 8%. Both are suppose to be eliminations. He said he did not feel that the

Council should think the tax had to be 8%. He said when this was previously discussed a study of the matter had been proposed to work out what would be disproportionate and what would be fair charges for light, water, etc.

Mrs. Goering said it was her thought that because this might come up again and again that perhaps there should be some formula to follow to arrive at the proper amount of gross earnings tax.

Mayor Hanson said the Charter could never be so specific as to take care of every instance, but as he sees this, it is taken care of by the Charter as a matter of judgment. He said it is not unusual for a tax to be set and then certain exemptions allowed.

Mr. Perdue said he disagreed with Mr. Murray in his description of the 8% being paid by the people outside the City limits. He felt that this 8% is a charge against the Utilities to help finance the General Government and that is on their total revenues. People outside the City buying electricity is not particularly paying that 8%. In fact they are paying less for their electricity than they would from a private source.

Mr. Perdue said he believed that a meeting should have been held between the City Council and the Utility Board before such a matter as this is brought before the Council. Since the majority of both bodies are not in favor of a compromise, he felt the proper procedure would be to pass the Ordinance on the agenda and then hold a meeting with the Utility Board in an attempt to arrive at a better conclusion.

Dr. Humiston said he knew of no instance where the levying of taxes by a Legislative body required the concurrence of the person having to pay it. He said this is a matter of imposing a tax and the Charter is very clear about this stating that the Council may by Ordinance impose a tax. The Utilities are well within their responsibility in resisting the paying of any taxing that they can, but still he thinks that the responsibility of the imposing of this tax belongs to the City Council.

He said at the time of the acquisition of this property, the City Council was told the City would receive \$16,000 a year as gross earnings tax. That was an unqualified statement made to the City Council. He said he was sure that the Utility Department was aware of the Section RCW 35.21.430 of the State Statute, but the Council was not told of it. He asked, if the City does not authorize this \$6,000 deducted from the gross earnings tax, will this be a unprofitable operation for the Light Division?

Mr. Barline said it was impossible to give a definite answer to Dr. Humiston's question as so many different factors were involved.

Mrs. Goering asked if this payment had been given consideration at the time of acquisition.

Mr. Barline said the Utilities knew of the payment but gave no consideration to it as no claim had been made by Pierce County nor was any mention made of it.

Mr. Bratrud pointed out that the County customers were playing cheaper rates than they had been under private utility and asked if it would be possible to increase the rates in this area 3% and add it right on the light bill to take care of the County payments.

Mr. Barline said it would be possible but not advisable. He said they feel that the suburban business is a part of the City of Tacoma which they will be required to serve some day and the sooner they serve them the better.

Mr. Marten, Chairman of the Power Committee of the Chamber of Commerce, said the Committee reconsidered this matter since last week and they still feel it should be paid immediately, and deducted from the 8% gross earnings tax.

Mr. Anderson said this Resolution was drawn at his request as he was led to believe it would be satisfactory to the Utility Board; but inasmuch as three of the Board members are speaking against it, he moved that Resolution No. 15694 be tabled. Seconded by Mr. Easterday. Roll call: Ayes 9; Nays 0; Absent 0.

FIRST READING OF ORDINANCES

Ordinance No. 16316

Amending (6) Sections of the Official Code of the City relating to the Pay and Compensation Plan - Overtime, Temporary Employment Salary, Holidays, Sick Allowance with pay and setting up Classifications for Machine Operators and Illuminating Engineers. Read by title.

Mr. Rowlands said these amendments have all been discussed previously and this Ordinance is a result of these discussions. On page one, Sec. 1.12.080, paragraph two, the last sentence has been added: "A minimum of 2 hours shall be paid for overtime by reason of a call back." This has been followed but has never been spelled out in an Ordinance.

On page two, Sec. 1.12.140, paragraph "D", there was a change making it possible for temporary employees to receive pay for holidays if they work the six month period immediately prior to the first of such holidays.

On page four, second paragraph, the underscored sentence, "If the employee worked on different higher temporary appointments on the day before and the day after a holiday, the lower rate of the two shall apply for holiday payment." was added.

On page seven, the addition to 2a is in regard to the new sick leave policy which was approved by the City Council in the 1959 budget and pertains particularly to the Police and Fire Service permitting them sick leave accruals. "2b" pertains to the special sick leave accrual for the Police and Fire employees to be determined by subtracting the employee's regular sick leave accrual from his sick leave accrual balance of December 31, 1959. In effect there are two sick leave accruals. The one prior to the first of the year is to be used in case of illness until it is used up.

Mr. Bixel, Personnel Director, said this is in connection with incentive payment plan. The regular sick leave accrual would be for purposes of payment at retirement. The other special accrual will be for usage only.

Mr. Rowlands said in order to encourage employees not to abuse their sick leave accrual they will be paid 25% of their sick leave accrual, the maximum being 120 days at the time of retirement.

He also said there have been four new positions added on page 7, one on page 8 and one on page 9. The Ordinance was then placed in order of final reading.

Ordinance No. 16317

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Amending/Sections of the Official Code of the City of Tacoma relating to the Pay and Compensation Plan - for Salaries. Read by title.

Mr. Rowlands said this Ordinance merely puts into effect the agreement which was approved by the Utility Board and the City Council. The Ordinance was then placed in order of final reading.

FINAL READING OF ORDINANCES:

Ordinance No. 16298

Repealing Sections 6.54.010 to 6.54.130 of the Official Code of the City and adding (6) new sections relating to the licensing of Motels, Trailer Courts and Mobile Home Parks. Read by title.

Mr. Rowlands said this Ordinance had been postponed for further investigation and as a result an amendment was made on page 2, striking out the word "motel" in the first sentence and adding a new sentence to read, "The annual license fee for each motel shall be \$10 per annum plus an additional fee of .25 cents per annum for each room therein."

Mr. Gaisford said a survey of the larger cities of Washington were made and it was found that the hotels and motels come under the same licensing.

Dr. Humiston moved to amend the Ordinance by striking out the word "motel" in the first sentence on page 2 and by adding the sentence "The annual license fee for each motel shall be \$10 per annum plus an additional fee of twenty-five cents per annum for each room therein." Seconded by Mr. Perdue. Roll call: Ayes 9; Nays 0; Absent 0.

Roll was then taken on the Ordinance as amended.

Roll call: Ayes 9; Nays 0; Absent 0.

Ordinance No. 16310

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Authorizing the proper officers of the City to make payment to Pierce County for the benefit of taxing districts within which any part of the electrical facilities recently acquired from the Puget Sound Power and Light Co; are located and said payment to be the sum of \$6,094.64 for the year 1959. Read by title.

Mayor Hanson said he is opposed to passing this Ordinance as it exists. He said a week ago the proposed amendment to add Section 4. "That the Director of Finance be and he is authorized and directed to make payment of said amount from monies of the current Light Fund and to deduct said amount from monies otherwise payable to the General Fund of the City of Tacoma pursuant to the 8% gross earnings tax imposed by City ordinance.", was defeated but it was voted to reconsider it at this meeting as Mr. Anderson wished to consider the matter further. In that event, the proposed amendment is before the Council again for reconsideration.

Mr. Easterday moved to adopt the amendment to add Section 4. "That the Director of Finance be and he is authorized and directed to make payment of said

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amount from monies of the current Light Fund and to deduct said amount from monies otherwise payable to the General Fund of the City of Tacoma pursuant to the 8% gross earnings tax imposed by City ordinance." Seconded by Mr. Porter. Roll call: Ayes 4; Nays 5, Anderson, Bratrud, Goering, Humiston and Perdue; Absent 0.

Mrs. Price said the Ordinance makes no mention as to how the money will be paid.

Dr. Humiston said he had asked Mr. Gaisford, Director of Finance, this question at a previous meeting and Mr. Gaisford said the money would be charged against the Light fund.

Mr. Porter moved that action on this Ordinance be postponed for two weeks and that a meeting be held with the Utility Board to attempt to work out a solution. Seconded by Mrs. Goering.

Mrs. Price said she was in favor of setting this over and she hoped in the future these matters would be discussed thoroughly before bring them to the Council meeting for a vote.

Dr. Humiston said he was not in favor of postponing the Ordinance. He pointed out the passage of this Ordinance would in no way close the door to re-examination of the list of deductions from the 8% gross earnings tax. He said he felt the passage of this Ordinance was necessary to clear the air that the money was to be paid.

Mrs. Goering said she would like to have more time to explore this matter from a different angle than a deduction of the 8% gross earnings tax.

Mr. Easterday said he could see no point in prolonging this any longer. It had been discussed and studied thoroughly by each Council member so he would vote against the postponement. He said he would vote for the Ordinance as he felt the money had to be paid, but he would have preferred voting for the Ordinance with the proposed amendment.

Mr. Perdue said he was in favor of discussing the matter further with the Utility Board but felt it could be done just as well after the passage of this Ordinance.

Mayor Hanson said it was apparent the County would receive the money and he was sure a delay would not harm their budget; but he did feel that everything has been said that could be said. However if some of the members of the Council desired a continuance then he was willing to vote for it. He asked Mr. Hudson if it would be possible to have a meeting within the next two weeks with the Utility Board.

Mr. Hudson said the Utility Board is always happy to sit down with the Council to discuss any matter and were available for such a meeting anytime.

Roll call was then taken on Mr. Porter's motion to postpone the Ordinance for two weeks. Ayes 4; Nays 5, Anderson, Bratrud, Easterday, Humiston and Perdue; Absent 0. Lost on roll call.

Roll call was then taken on the Ordinance.

Roll call: Ayes 7; Nays 2, Porter and Price; Absent 0.

Mayor Hanson said they would still arrange to meet with the Utility Board. He asked Mr. Hudson if Monday, March 30, 1959 at noon would be convenient for the Utility Board.

Mr. Hudson said 12:15 P.M. Monday, March 30 would be agreeable.

UNFINISHED BUSINESS:

63 The Director of Public Works presents the Assessment Roll for the cost of L I D 2254 for grading, ballasting and surfacing on Orchard Street from No. 9th to No. 16th; No. 16th from Huson to Orchard Street.

It was moved by Mr. Easterday that April 28, 1959 be set as the date for hearing on the Assessment roll for L I D 2254. Seconded by Mr. Perdue. Roll call: Ayes 9; Nays 0; Absent 0.

The Director of Public Works presents the Assessment Roll for the cost of L I D 4622 for asphalt paving, concrete curbs and gutters and storm drainage on East 61st from East B to East D; East D from East 60th to East 61st; South L from So. 56th to So. 58th; South 60th from Pacific to Fawcett Avenue and South G from So. 61st to So. 63rd.

It was moved by Mr. Easterday that April 28, 1959 be set as the date for hearing on the Assessment roll for L I D 4622. Seconded by Mr. Perdue. Roll call: Ayes 9; Nays 0; Absent 0.

ITEMS FILED IN THE OFFICE OF THE CITY CLERK

Report from the Tacoma Transit System

Report from the Personnel Department

Annual Report from the Tacoma Police Department

Report from the Tacoma Police Department for the month of February 1959

Annual Report from the Traffic Division of the Police Department

Mrs. Goering said she felt from time to time the Council should review the meeting time. Since moving into the new building, she has had numerous people tell her that 4:30 P.M. is a poor time for the general public to attend the Council meetings. She added that the 4:30 P.M. meetings had never been heavily attended. Therefore, she moved that a Resolution be drawn changing the Council meeting time back to 7:30 P.M. Seconded by Mr. Easterday. Roll call: Ayes 9; Nays 0; Absent 0.

Mayor Hanson said Senate Bill 16 which came up before the Legislature would authorize the legislative authorities of a city to fix rates and charges for utility services and in effect give them authority to impose taxes, over and above the regular rates, for General Fund purposes. It is a radical departure from Tacoma's concept of the protection of Utilities from rating and also a departure from the general policy of the State of Washington favoring public utilities.. Mayor Hanson said he and Mr. Porter both were opposing the bill and they would also like to have the Council's thinking on this matter.

Dr. Humiston said he would like to know if this bill would actually affect the City of Tacoma as the Charter very specifically limits the tax levied against the Utilities.

Marshall McCormick, City Attorney, said the bill, if enacted, would supersede the City Charter protection of utilities funds and would remove the 8% limit on the gross earnings tax paid by utilities into the City's general fund.

Mr. Rowlands said he felt this bill was introduced as a "panacea" for all the cities ills. Instead it is a "smokescreen" to camouflage the problem. City officials throughout the State have been disturbed by the lack of consideration shown by the legislatures for the financial development of the cities. In fact, Mr. Rowlands said, the Governor's Tax Advisory Committee stated that the cities needs were real and severe and that \$25,000,000 should be raised from some source to meet these requirements throughout the state. Nevertheless the Governor in his speech failed to recognize that need and the legislators to date have given the cities practically nothing. He said there is still a possibility of the cities receiving aid in the next couple days.

Dr. Humiston said he felt it was "an atrocious piece of legislation."

Mr. Porter said the bill would probably result eventually in high utility rates and would jeopardize the utilities long range planning.

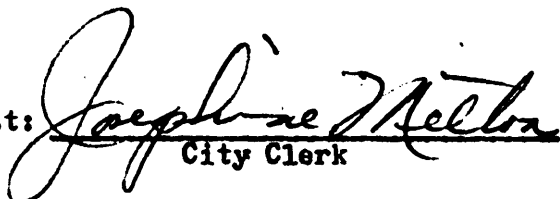
Dr. Humiston moved that the City Council register disapproval of that part of Senate Bill 16 which would permit the City Council to transfer Utility Funds to the current expense fund of the City. Seconded by Mr. Anderson. Roll call: Ayes 9; Nays 0; Absent 0.

Dr. Humiston said he felt it would be wrong to overrule the Charter, that is based on sound examination of the problem over many many years, by a piece of legislation such as this.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned at 6:00 P.M.


President of the City Council

Attest:


City Clerk