

Tuesday, October 5th, 1954.

Council reconvened. Present 6; Goering, Hooker, Humiston, Jensen, Perdue, Tollefson. Absent 3; Battin, taking his seat at 9:50 P. M. and Stojack, taking his seat at 9:40 P. M. and Bratrud for the entire meeting.

UNFINISHED BUSINESS:

This being the date to which hearing on the Preliminary Budget was continued, the matter was taken up at this time.

The Budget submitted by the Utilities Department for the Light, Water and Municipal Belt Line Divisions was under consideration at this time and the divisions were taken up in the following order:

Belt Line: Neil Kime, Superintendent of the Belt Line Division, explained the budget of the department, which explanation was substantially as outlined in the explanations on pages 3 and 6 of the portion of the Utilities Budget pertaining to the Belt Line Division for the year 1955, copies of which had been furnished each Councilman, the City Manager and the Clerk. The item of Depreciation listed in the Department Expenditures on page 1, which figures was \$12,100, was questioned by Dr. Humiston, who claimed that if this amount was an expenditure, it should show up as a cash item and a fund for Depreciation should be set up and this money placed in such account. The method of book-keeping used in setting up the budget and the questionable item was explained at length by Mr. Tom Anderson of the Utilities Board, Mr. Kime and Mr. Clair Gaisford, Director of Finance, and from the explanations made it appeared that the charging of depreciation as an expenditure was common practice in most railroad operations as well as other businesses. After considerable discussion it was agreed to leave the item in the budget but that in next year's budget the matter of depreciation be checked with the idea of setting up a Depreciation Reserve Fund into which moneys listed as Depreciation can be placed.

WATER DEPT. Mr. Kunigk, Superintendent of Water Division, presented the budget for his department and read in full the letter on page 1 of the Water Department Budget. The matter of Fire Hydrant Rental, which item is listed as \$100,000.00 in the General Fund Budget as expenditure and the same amount in the Water Department Budget as receipts, was brought up for discussion. The General Fund officials feel that this charge is too high, and the Utilities officials feel that in order for the General Fund to bear its fair share of this cost, the item should be raised to at least \$130,000.00, Mr. Backstrom stated, and a committee has been working on a survey of the problem, but this is not completed as yet. A number of the Council members felt that Water Hydrants were the obligation of the Water Department as a service it should render the Citizens while fire protection was a service of the General Fund. Figures comparing the charges paid by Tacoma in amount of \$40.68 per hydrant for the 2500 hydrants, with those from other comparable cities, which range from Tacoma's high to \$4.06 for Seattle and \$3.00 for Fresno, were read by Mr. Jensen for Council's information. The question was asked as to why the charges for this service paid by Tacoma should be so out of line, and it was explained that the entire picture was not presented, as there was no information available as to whether or not these other cities paid a gross earnings tax from the Water Department to the General Fund as is the practice in Tacoma. Mr. Backstrom advised that it was not possible for Mr. Barline and he to agree on a figure for this item, as he favored \$50,000 while Mr. Barline wanted \$130,000.00, and so the amount was set at \$100,000.00. Mr. Bannon, of the City Department, expressed the fear that the reduction of this item might tend to jeopardize the Water Department's financial position with regards to the Water Bonds recently issued, as this amount was taken into consideration as revenue in the report given the bond buyers. Mr. Backstrom expressed the opinion that a reduction in this item would not tend to jeopardize the borrowing power of the Water Department. Mr. Jensen pointed out that the Department anticipates an increase in water receipts from private homes of approx-

imately \$400,000 as the result of the installation of water meters in the City, which would tend to more than offset any reduction in Fire Hydrant Rental. Dr. Humiston felt that Hydrant rental has been a matter of policy in the past and should not be continued on the same basis just because the department wants to protect its rate structure. During the discussion a motion was made by Mr. Jensen that the item of Hydrant Rental be fixed at \$50,000 instead of \$100,000 as set up in the budget. Motion seconded by Dr. Humiston, and carried on roll call: Ayes 6; Battin, Goering, Humiston, Jensen, Perdue, Tollefson; Nays 2; Hooker, Stojack (not voting); Absent 1; Bratrud.

Mr. Backstrom brought up the question of the portion of the expense of operating the Legal Department of the City, which should be paid by the Utilities Department. In the past the Utilities Department has assumed 57% of this cost, he stated, and the 1955 budget item is set up at this percent. R. T. Garan from the Utilities Department, City Attorney Boyle, Finance Director Clar Gaisford and himself have considered this matter seriously and as a result recommend that a fair charge would be 42.37%, which would mean a loss of \$10,000 revenue to the General Fund as the budget was set up using the 57% figure. It was moved by Dr. Humiston, seconded by Mr. Perdue that 42.37% be fixed as the percentage to be paid by the Utilities Department for its share of the cost of the Legal Department. Motion carried unanimously.

At this time Col. Hooker was excused from the meeting due to illness. (10:15 P.M.)

**LIGHT DEPT:** Mr. H. A. Cole, Superintendent, represented the Light Division in presenting the budget for that division, and spoke briefly on this matter. No questions or explanations were requested by Council members on this portion of the budget.

Mr. Backstrom brought up the charges under the I. B. M. system to the Sewer Utility and the Garbage Department for billing by the Utilities Department. The item of billing and collecting amounts to 18% of the total sewer tax and to 16% of Garbage Department revenue, or a total of approximately \$93,000.00, he said. We have checked into performing this work on our own, unless we can get a lower rate from the Utilities Department, and we have contacted an addressograph firm, which has made a survey, and reports that the service could be performed for around \$40,000 a year, if bills were sent out bi-monthly and the sewer tax was a flat rate instead of being based on water consumption, he said. Mr. P. M. Lemoine, Supervisor Machine Accounting Section, was called upon and stated that if the meter reading cost were eliminated, a saving of \$15,000.00 would result; and that the cost would be reduced approximately 35% by billing bi-monthly, which would amount to in the neighborhood of \$35,000.00 savings. As these savings would bring the charges close to what the City would have to pay if the billing were done by the General Fund, it was decided to continue under the I. B. M. system for next year.

Mr. Backstrom announced that the General Fund Budget would be considered Wednesday, along with the ordinance pertaining to Admission tax.

It was moved, seconded and carried that the budget hearing be continued to Wednesday, October 6th at 7:30 P. M.

At 11 P. M. upon motion, duly seconded and carried, Council then recessed to Wednesday, October 6th at 7:30 P. M.

H. M. TOLLEFSON

President of City Council

Attest:

*Josephine Melton*  
City Clerk.