

CITY COUNCIL MINUTES

City Council Chambers, 4:00 P.M.
Tuesday, November 22, 1966

Council met in regular session. Present on roll call 9: Cott, Cvitanich, Flinnigan, Haley, Herrmann, Johnson, Mortland, Price and Mayor Tollefson. Absent 0.

Mr. Haley moved that the minutes of the meeting of November 9, 1966, as well as the budget hearing minutes of October 3rd, 4th, 5th and 6th, be approved as submitted. Seconded by Mr. Johnson. Voice vote taken. Motion carried.

HEARINGS & APPEALS:

a. This is the date set for hearing for the rezoning of property located at the S.W. corner of Narrows Drive & Vassault Street from an "R-4-L" to an "R-4-LTM" District, submitted by Northridge Development Corp.

No one appearing and no protests being made, Mrs. Price moved that the proper ordinance be drafted approving the rezone. Seconded by Dr. Herrmann. Voice vote taken. Motion carried.

b. This is the date set for hearing for the rezoning of property located at the south side of North Sheridan Avenue between North 11th and Steele Street from an "R-3" to an "R-4" District, submitted by Leo B. Seiwertath.

Mr. Buehler explained that a letter from the Campbell Realty, 6325 South Yakima Avenue, had been received objecting to the rezone. He added that Mr. Seiwertath had petitioned for an "R-4" District but the Planning Commission at its hearing recommended an "R-4-L" District, which was agreeable to the petitioner. The petitioner agreed to submit a letter of intent, limiting the development to a maximum of eight units which would make the development more compatible with the surrounding neighborhood. Due to the size and shape of the site, the Commission felt that redevelopment in accordance with the existing zoning would be awkward.

Mrs. Price stated there are other multiple units in that particular neighborhood.

After further discussion, Mrs. Price moved that an ordinance be drafted approving the rezone from an "R-3" to an "R-4-L" District. Seconded by Dr. Herrmann. Voice vote taken. Motion carried.

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RESOLUTIONS:

Resolution No. 18942

Fixing Tuesday, December 20, 1966 at 4:00 P.M. as the date for hearing for the vacation of a portion of South K Street lying immediately south of South 30th and a portion of South L Street lying immediately north of Center Street. (Petitioned by Urban Renewal Dept.)

Mr. Haley moved that the resolution be adopted. Seconded by Mr. Cvitanich.

The Resolution was passed unanimously by voice vote.
Ayes 9; Nays 0; Absent 0.

Resolution No. 18943

Fixing Tuesday, December 13, 1966 at 4:00 P.M. as the date for hearing for the rezoning of property on the east side of Pearl Street between North 31st extended and North 33rd Street. (Petition of Curtis F. Peterson)

Mr. Finnigan moved that the resolution be adopted. Seconded by Mr. Haley.

The Resolution was passed unanimously by voice vote.
Ayes 9; Nays 0; Absent 0.

Resolution No. 18944

Awarding contract to George Madsen, Co. on its bid of \$14,727.65 incl. tax for L I D 4777 and W.O. 91119.

Dr. Herrmann moved that the resolution be adopted. Seconded by Mr. Finnigan.

The Resolution was passed unanimously by voice vote.
Ayes 9; Nays 0; Absent 0.

Resolution No. 18945

Accepting certain offers to sell real property situated within the New Tacoma Urban Renewal project designated Project No. Wash. R-14.

Mr. Haley moved that the resolution be adopted. Seconded by Mr. Finnigan.

Mr. James Wright, Assistant Urban Renewal Director, pointed out on the map the three parcels of land to be sold, located at 1120, 1150 and 1144 Pacific Avenue.

Mr. Finnigan asked if the City would be ready to proceed with the garage construction when these parcels are acquired.

Mr. Rowlands explained that the Parking Corp., The Local Development Corp. and the Central Association expects to go forward with the garage as soon as the City acquires the property. After acquiring the property there will be the demolition of the buildings, and clearance of the site. It is hoped that the

Architects will be ready with the details by the time the sites are cleared.

Mr. Wright said he thought it would take the next four or five months to complete the design.

Mr. Rowlands stated there are a few properties that have not yet been acquired on 9th and 11th Street. If the property owners cannot agree on the appraisals, then condemnation proceedings will probably have to be started. He asked Mr. McCormick, City Attorney, to explain the procedure relative to the time element.

Mr. McCormick explained they are now in the process of preparing condemnation suits on the property that is not in the process of being acquired on both sides of Pacific Avenue from 11th to 13th and on 13th to 15th between Commerce and Broadway. According to the statute sixty days notice has to be given on any condemnation, and from 65 to 70 days for the hearing on the public use and necessity. Therefore, it would be around spring before the trial could be set by the court. He added that Mr. Anderson from San Francisco who represents the Federal Government will be in Tacoma November 23 to check on the concurred price based on the cities appraisals. He understood this would take about a week and as soon as these are approved the City will be in a position to enter into negotiations with the people.

He noted the Downtown Association is ready to proceed as soon as the City acquires the sites.

Mr. Rowlands said the Downtown group has been working very closely with the City Council to relocate owners to minimize their inconvenience as much as possible. It is being planned as soon as buildings are torn down there will be something to replace them.

Mr. Rowlands explained that many owner-participants are included in this same area and their buildings have to be brought up to code specifications.

Mr. Johnson requested that a copy of a map of the area be given to each member of the Council.

Mr. Rowlands said that a separate map will be included with this type of resolution hereafter.

The Resolution was passed by voice vote.
Ayes 8; Nays 1; Cvitsnich; Absent 0.

Resolution No. 18946

Authorizing the proper officers of the city to execute and deliver to the State of Washington Dept. of Highways a local improvement assessment deed for vacant land located below south 25th on Ferry Street.

Mr. Haley moved that the resolution be adopted. Seconded by Mr. Finnigan.

The Resolution was passed unanimously by voice vote.
Ayes 9; Nays 0; Absent 0.

Resolution No. 18947

Authorizing the transfer of property from the Light Division to the Department of Public Works located on the East side of Mildred Street just north of 6th Avenue for street right of way purposes.

Mr. Haley moved that the resolution be adopted. Seconded by Mr. Cvitsnich.

The Resolution was passed unanimously by voice vote. Ayes 9; Nays 0; Absent 0.

Resolution No. 18948

Authorizing the sale of salvage items to the four highest bidders.

Dr. Herrmann moved that the resolution be adopted. Seconded by Mr. Cvitanich.

The Resolution was passed unanimously by voice vote. Ayes 9; Nays 0; Absent 0.

FIRST READING OF ORDINANCES:

Ordinance No. 18171

Vacating Roosevelt Avenue between East 68th & Homestead Avenue. (Petition of the City Planning Dept.)

The ordinance was placed in order of final reading.

Ordinance No. 18172

Vacating South 70th and South 72nd Streets between Sprague Avenue and a point approximately 630 feet west of Sprague Avenue. (Petition of Hillcrest Properties, Inc.)

Mr. Cvitanich asked how the future plans of the Hillcrest Investment Co. are progressing.

Mr. Bushler, Director of Planning, explained that Mr. Clark had informed him that one section of property had been difficult in acquiring but they are now developing plans for engineering at this time.

The ordinance was placed in order of final reading.

Ordinance No. 18173

Amending Chapter 13.06 of the official code of the City by adding a new section 13.06.120-(50) to include property on the N.E. corner of East 27th & East D Streets in a "C-1" District.

The ordinance was placed in order of final reading.

Ordinance No. 18174

Amending Chapter 13.06 of the official code by adding a new section 13.06.065- to include property on the south side of East 56th between East Q and S Streets in "R-4-L" District. (Petition of Roger L. Hanson)

The ordinance was placed in order of final reading.

Ordinance No. 18175

Annexing the area in the vicinity of South 92nd and Hosmer Street. (Petition of Oscar Hokold)

The ordinance was placed in order of final reading.

Ordinance No. 18176

Authorizing and providing for the levying and collection of excise taxes upon persons within the City of Tacoma, and limiting the use of the proceeds thereof to the operation, maintenance and capital needs of the Tacoma Transit system.

VERBATIM

Mayor Tollefson: Gentlemen, as you know, we had a discussion as to whether or not certain radical measures should be framed in ordinance form when we talked about this Transit matter, for the reason that there was some thought that we would refer it, if it passed the Council, to the people for a vote. We discussed it at the study session at length. Now, as you know there is a deficit in the Transit Utility. If we are to operate our entire City within the existing finances, we are going to have to cut back a number of facilities in order to keep the budget balanced. We have previously determined that Transit is a necessity to the City, in that without it, we loose the benefit of moving people to and from the city as well as to outside the city, who have no other means of transportation. We do not have sufficient operating funds to maintain, operate and expand the system and we are forced to subsidize it at the expense of other needs within the City of Tacoma. These in turn are detrimental to our fire service, our police service, our health protection, our parks and our library service if we attempt to maintain the full schedule of the existing bus system.

I think that we are taking the position that this is a service necessity within the city limits of the City of Tacoma and even though we would like very much to see it support itself, and even though we have done everything that we know of good transportation practices to bring it within a self-maintained unit, we haven't been able to do so.

This situation is true not only in the City of Tacoma, but it is true in Seattle, Yakima, Portland and I believe almost in every city in the United States. At the present time I don't know of one that actually supports itself. I don't know of any of the many European cities that supports itself. There the general government pays to the operating facility certain general collected taxes to help the facility operate, because they recognize the need of such a system.

Now the question is, under the law of the State of Washington that gives us the authority, what should our charges be?

You will notice in the proposed ordinance many of the amounts are left blank and, of course, that blank is for discussion by the Council. Perhaps the Council

would like to think about it before discussing it further. But I thought you might like to discuss the alternatives.

The legal office drafted this ordinance so that we can fix the rates later by resolution, but the ordinance fixes the limits beyond which we cannot go. Therefore, later by resolution we could fix the exact amount which we would need in order to break even with the operating expenses. We don't have all of the figures yet although we will probably decide on some rate before the meeting is over.

The fee for the householder, presuming it is fixed by law, is not to exceed one dollar. There would be no problem there.

The one with regards to dwelling units that are within multiple dwelling facilities, principally the apartments where they have a special metered system, the figures would be based on the 90% total. This is the figure that the apartment house operators and managers of the apartments fix as a base of operating their apartments and particularly when they put out their taxes for the purchase of sale of such apartments. I talked to one of the operators today who manages most of the apartments, one of the largest managing operators in the City of Tacoma, and he said the operators should really have no quarrel with the 90% figure. This summer it was below 90% but at the present time perhaps above 90%, but generally speaking on a turn-over basis and vacancy basis, the 90% figure is the one they use themselves.

With regard to the matter of employee units and employer units, we have to take into consideration the real benefit to the establishment and the fact that perhaps many of the employees that are living in the city on the utilities district and are paying this rate, maybe \$1.00 per month, anyway, and it wouldn't be fair for them to pay this extra amount because they are employed. But we do know perhaps 40% of the employees in the City of Tacoma live outside of the City and would not be billed directly by the City. These are things to be taken into consideration in determining what the charge might be with regard to employer units.

Some of these areas would be very difficult to attach a fee and some it may appear that it might be inequitable. There is no tax, no matter how the ordinance is drawn, that attaches itself to each individual completely at 100% equity level. But you try to arrive at that.

Mr. Bott: Excuse me, Mr. Mayor, are you going to discuss these individually later or wait, or do it now.

Mayor Tollefson: Now.

Mr. Bott: I don't know how you want to do it, but some of the things I would like to ask.

Mayor Tollefson: I want to be sure and give you the record. But we do have the need for the Transit System and without the finances, the Transit System is going to suffer, or if the Transit System doesn't suffer then other services within the city will suffer because we will take the money to subsidize the transit. This tax is for the health, welfare and the benefit of the city and it seems to me that we should have a reasonable full and complete operating Transit System and not below what we presently enjoy.

Mr. McCormick, have I missed anything?

Mr. McCormick, City Attorney: No, Mr. Mayor, I think that that generally is the reason for this tax. The reason when the Legislature passed the bill, was an attempt by them or recognition by them, as a matter of fact, that all transit systems are losing money. The State Legislature also made the same findings-the legislators findings are almost in the same wording that this ordinance is drawn. The Legislature recognizes that it exists and this enabling statute was in an effort to give to the cities some method by which they could help these transit systems financially. It should be noted, I think, that in the law it specifically provides that when this tax is billed, there must be a separate item on the bill. It must be implemented and specifically set forth as an item to be used solely and only for the operation, maintenance and capital needs of the transit system and for

another purpose. Furthermore, the legislature, I think, felt that a transit system was either directly or indirectly a benefit to all people, all persons in the City of Tacoma. It wasn't primarily for the benefit of one particular segment, so to be sure that the tax could be spread on a broad basis, it was applied to everyone and every person served by one or more of the public city utilities.

To make sure, in the State statute it specifically defines what is meant by "person" and that "person" includes all of the main entities and individuals which have used in this ordinance. I have patterned it after the State law as strictly and as nearly as possible, using the same language along with the assurance and attempt to include all persons in one or more of these categories.

It also specifically provides where an individual or a person, as defined in the act, might be subjected to more than one of these tax levy schedules, which could happen, then only one tax would be levied, which would be the highest. So we tried to avoid multiple taxation levied on any one individual. So that is the reason we classified in different classifications at different rates, certain of these corporations in proportion to the number of employees. While it is true that many of the employees drive their own car, there are still many employees who use the buses who do not bring their cars, particularly in congested areas. Of course, in inclement weather I think the best evidence for the use of the buses by employees is in the morning in coming to work, when it is snowing. They are also used by school children etc. So we felt that perhaps, for what it may be worth to the Council, we have to start someplace. So we thought that probably the more employees that you have - that might be a good base for a difference in the rates or taxes fixed by the Council. So the thought, of course, is that a person would not receive probably the same benefits but should be based on the number of employees. So we did attempt on that basis to separate persons into these categories on an employee basis.

Also, school districts, subdivisions of the State, fraternal organizations, clubs etc., have been placed into a classification of their own. We took these out of the State law definitions of what constitutes a "person." We took those particular designated entities and placed them in No. 2 on Page 3 so that it does not depend on any employee or does not depend on anything, just what you may think churches etc. should pay. They do receive benefits.

So this is the best we could come up with. Of course, there are probably several basis in which you might justify the tax. You are going to have problems regardless of what method or on what basis you try to classify these different rates. We felt at least this was one we could substantiate in court proceedings.

Mr. Murtland: Mr. Mayor:

Mayor Tollefson: Mr. Murtland:

Mr. Murtland: What about the Rust Building, Puget Sound Bank and the Washington Building - they have only one meter.

Mr. McCormick: They would fall under the category of the "employee".

Mr. Murtland: You wouldn't take into account that these are fifty or possibly more offices in the building?

Mr. McCormick: No, you can't because those offices do not pay on a metered basis. In other words, they do not fall in a category in which you can tax or under the definition of the State law. This is not a tax on the employee as they probably all have households where they will be taxed if they live in a house. We have not attempted to differentiate as to the number of tenants, excepting in the houses.

Mr. Murtland: Then employers in the Rust Building pay only one set of taxes?

Mr. McCormick: If they are over 10 they fall in category (b), but if less than ten employees they would fall in category (a).

Mr. Murtland: What about the people that are working in the building?

Mr. McCormick: They will pay on that basis.

Mr. Murtland: Let's take the Washington Building and assume there are 50 different offices in the building, employing 150 people. The Washington Building pays only for the janitors and pays nothing based on the number of tenants.

Mr. McCormick: Except that the business within will not be taxed directly because you can't reach them by trying to classify them; in other words you would run into so many difficulties. Where are you going to draw the line--how are you going to administer it.

Mr. Haley: What about that 90% bit.

Mrs. Price: Mr. Mayor.

Mr. McCormick: I understand it is a problem in trying to work out a tax here on some equitable basis when you have a different classification. It would be the easiest thing in the world to assess everybody \$1.00. It is difficult in trying to organize some reasonable basis to benefit everyone. Even those customers that use the buses. How are you going to classify them? How many customers come into a store that use buses?

It is real difficult trying to assess different monthly prices or units on a beneficial basis.

Mayor Tollefson: Please remember that this is the first reading with an approach to a problem. Marshall McCormick and I didn't have all the answers, I'll tell you that and perhaps we have overlooked some and which we could have a discussion on now. I don't know what rates to put in there; I don't have the slightest idea on some of these things. This question and answer period is going to help us.

Mr. Cvitanich: Mr. Mayor.

Mayor Tollefson: George.

Mr. Cvitanich: Say that I have a little plastic shop up on 19th Street.

Mayor Tollefson: What is the name of it?

Mr. Cvitanich: We will call it Murray Morgan's Plastic Shop, and I have 8 employees. The bus goes as far as 19th and Cedar and how can I say anything to my employees when my employees are being assessed \$1.00 at home. Why should I as an employer pay anything.

Mayor Tollefson: That is one of the things we all want to know.

Mr. Cvitanich: That's what I want to know.

Mr. McCormick: The State Legislature says that in case of an adequate public transportation system, you individually may not be directly benefited because you don't use it--it doesn't go by your place but the general economic growth and general benefits and general educational growth of the City and the whole State is improved and you are indirectly benefited.

Mrs. Price: This was my understanding--that all of these people who are householders, in an apartment or any place they might live, would be taxed.

This comes as sort of a surprise to me, that we had any intention of taxing businesses because they hire so many people. If these people are being taxed as individuals, I don't see why a business should be taxed for these same people because they happen to be working in that area. That is double taxation, and I think there is some way we can tax every householder as this was the purpose of the tax as I understand it.

Mr. McCormick: I was just calling attention to the statutes. We would not have these difficulties if they had passed the bill that was introduced. The State Legislature says that "all persons shall be taxed," and then defines "all persons" as school districts, political subdivisions of the State, fraternal benevolent, religious or charitable societies, clubs or organizations, including any trustee, receiver, assignee or other persons acting in a similar capacity, individuals, firms, partnerships, corporations, companies, associations, joint stock associations, including any trustees and other persons acting in a similar representative capacity.

Those are the persons which the State, in the prevailing statutes, says must be taxed. Then it says as to "housing unit" involved however, the sum shall not exceed \$1.00.

Mr. Haley: We tax only "housing units" in direct violation with that provision and it will probably be unconstitutional because it discriminates against them.

Mrs. Price: According to the law, it says that we "shall" and not that we "may."

Mr. McCormick: "Shall be made against all persons with the State."

Mr. Haley: Seriously, we must be more specific about the people within businesses, associations, buildings, etc. For instance, Pierce, Fenner and Smith, a commission house dealing with stocks and bonds in the Washington Building, would be taxed as an employer owning a business, and then they would be taxed on the basis of how many people they employ; they likewise would be taxed because they are a partnership or a corporation and they would be taxed on the employees they have. On that basis, not personally, but on the basis of employees.

Mr. McCormick: The State law refers specifically to ownership. This tax against persons who are served and billed by the City for any one or more public utility services.

Mr. Haley: What about the Transit System.

Mr. McCormick: That is not what the law says - the State law says one or more of publicly-owned utilities.

Mr. Murtland: It says "one or more" - the Transit System is one and it is a public utility.

Mr. McCormick: That is what is under discussion. To figure out how to classify these buildings, the number of tenants, agencies that are in there, what percentage are you going to use.

Mrs. Price: What about the school district - are you going to take each individual school that is served.

Mr. McCormick: School districts, etc. should have a different fee set.

Mr. Haley: What about employees - these are persons who are receiving a wage, or income, salary or however you want to put it, for one hour for any given month, or full-time employees. What would you classify as an employee.

Mr. McCormick: I went through about six different State statutes in regard to the number of employees.

Mr. Haley: Would this be on the basis where the employer is contributing to Social Security. Would that be on the basis of an employee for one hour or a full-time employee.

Mr. McCormick: I think that is on the basis of a full-time employee.

Mr. Haley: You're considering a full-time employee as one who works forty hours a week.

Mayor Tollefson: What about a 35-hour week.

Mr. Haley: A lot of employees work a 40-hour week, but I have some full-time employees who work less than 40 hours a week.

Mrs. Price: Some work just four hours a day, all the time. Is four hours a day considered a full day.

Mr. McCormick: We considered sometime ago that to qualify for seniority you had to work so many hours in the preceding year. Also you have to determine what date to fix. Are you going to make it so that each month, administratively, you are going to have to determine how many employees you have. You would have to fix a date and send a copy to the employee at least once a year.

Mr. Haley: Couldn't you use the average on a monthly basis.

Mr. McCormick: We figured that January 1st would be a good date, as that is when the tax year ends, so the employees, as of that day, would govern the tax that you would pay here for the balance of that calendar year.

Dr. Herrmann: I would like to ask Mr. McCormick what is the purpose in naming all these things, in these various alternatives, whether this is to conform with the State statutes or whether this is a fact, in that it provides a source of revenue, I mean obviously it will do both, but is it only to conform with the State statutes so that it wouldn't be unconstitutional, but why not add just a token amount. The biggest power billing volume is going to come from the individual householder. Is that correct. I mean, if you included these things, then whether somebody with one leg worked a half a day, a person with two legs worked two hours, or--these are just academic or philanthropic, a token amount.

Mr. McCormick: We have separated them into two categories; (1) housing units, (2) in all other places. The first thing that was raised was how about the Smelter here paying \$1.00, or St. Regis paying \$1.00, \$2.00 or \$3.00.

Dr. Herrmann: That is my point.

Mr. McCormick: That is the reason that we tried to be fair. But then we would have the same objection that Mr. Murland raised, why not have the Washington Building pay \$1.00, and I have a little shoeshine parlor down here and pay the same amount.

Dr. Herrmann: There are an infinite number of examples.

Mr. McCormick: I don't know how you are going to eliminate all of these.

Dr. Herrmann: You haven't answered the question. You just cited Murray Morgan's Plastic shop and everything else here. But finally get down to putting in - inserting in these blanks --you couldn't possibly put all these things into consideration and if this is merely conforming to State statutes, then why shouldn't it be possible to put, not token amounts, but a reasonable amount in, and then let it go without trying to specify that this is one thing.

Mr. Murland: If we are going to put this kind of tax on, I could see an administrative problem.

Mr. Bott: I was wondering, what is this tax. I made a note here that any building or any business should be charged over \$1.00. I agree with Dr. Herrmann--I don't think it should matter if businesses have 50 or have 100 employees, this isn't the point. You are setting up a payroll statute, that is what you are trying to do here, evidently. It has been said that these people that live out of town, let them pay part of it; well, this is a different proposition entirely, I think, from our Transit System, and I can't see that at all. I agree with Mrs. Price, I agree with everybody--run the gamut of these things--I don't think it is practical. And it wasn't the original idea to begin with, I'm certain as to that. It looks like you see a good thing going and you---

Mr. McCormick: As I say, legislatively, legally yes, you do have legal problems, Mr. Bott. We have to discuss them all.

Mr. Bott: I don't think you ought to take into consideration the number of people they have working for them any more than the ones staying at home, if they are affected by it.

Mr. Bott: Look under Section 12.15.030, under No. 1, it seems to me, to be ambiguous--it may not be--perhaps I don't understand it, but on each person for each housing unit involved, then of course, it gives-up here--a definition of a "housing unit" shall mean a building or portion thereof, etc. Should a person then be a family unit in each housing unit involved; this looks like every person in the unit.

Mr. McCormick: This is the exact wording and definition in the State law.

Mr. Bott: It is ambiguous, isn't it.

Mr. McCormick: Whether it is ambiguous or not, it passed.

Mr. Bott: The whole thing, this No. 1 down here, as well as up above here, where you just use---

Mr. McCormick: These were taken verbatim out of the State law.

Mr. Bott: No, 1, then.

Mr. McCormick: No, 1, under Definitions, this was taken verbatim

From the State law. No. 1, "housing unit" was also taken verbatim from the State law.

- Mrs. Price: No. 4.
- Mr. McCormick: No. 4 is our own definition.
- Mr. Bott: Then is the meaning of this No. 1, that each housing unit involved shall be charged a sum not more than \$1.00.
- Mr. McCormick: Yes.
- Mr. Bott: Not each person in each unit.
- Mr. McCormick: No, not each person.
- Mayor Tollefson: Each housing unit, not each person in a housing unit.

I think we are going to spend an awful lot of time if we are going to figure how many people we should be charged if they have so many employees, because when it comes right down to it, I am very much opposed to even the imposition on any industry or building.

- Mr. McCormick: We would have to.
- Mr. Bott: Nothing says we have to impose more than a dollar.
- Mayor Tollefson: This is so that the Council can discuss it. If the Council says, no, each industry, whether St. Regis or Murray Morgan Plastics.
- Mr. Bott: Then if you want a payroll tax, put it on and do it above board.

Mayor Tollefson: It is the discretion of the Council.

Mr. Cvitanich: I thought we would just get Legislation to put "X" number of cents on the utility bill.

- Mrs. Price: So did everybody else.
- Mr. Cvitanich: This was my understanding.
- Mr. Rowlands: I would like to make a comment, since George raised

the question. Actually we spent a lot of time, as the Mayor said today, with Marshall McCormick, and a lot of time going over this and a lot of stuff being given to us. The simplest way of doing would be to have just the one dollar on all of these units, testified under State law. Barring that, having one dollar say, for the household and maybe a fixed amount, two or three, if you want to group all the other businesses together, assuming you want to make a differentiation, because I can assure you, administratively speaking, this will be most difficult, to figure out how many employees, as they shift and change. We have about 45,500 accounts from the utilities; if you take units, establishing from such figure which seems to be very fair, as Mayor Tollefson mentioned, and maybe 3,000 or 4,000, we don't know for sure. I'm just trying to give you an example. For commercial, industrial, church groups, we maybe have 5,000 so all together, presumably the top maybe 55,000 accounts yearly.

Now, if you have 47,000 household units and you charge \$1.00, using this for an example, you charge \$2.00 for the other 9,000 to 10,000, all together it would give you \$20,000. Or if you wanted to put \$1.00 on everybody, you would be talking about in the neighborhood of \$54,000 to \$55,000.

Mrs. Price: May I ask Mr. McCormick a question. Mr. McCormick, would we be complying with the law if we put a \$1.00 tax on all of these people, organizations, the school district, political subdivision, fraternals, etc., We don't have to take into consideration all of these individuals or so on.

- Mr. Rowlands: That's correct.
- Mrs. Price: OK, that is fine.

Mr. McCormick: Just in an effort to show the Council that they could classify them if they wanted to, which might eliminate a lot of questions if this goes on the ballot, classifying individuals to pay \$1.00.

Mr. Haley: The legitimate observation on the part of many people is why should I pay one dollar \$1.00 if the St. Regis is paying only \$1.00, and Weyerhaeusers' are paying only \$1.00.

Mrs. Price: But no one is living at Weyerhaeuser.

Mr. Haley: That doesn't make any difference. There is a graduated income tax and that doesn't mean I would get that much more use for national defense or that much more postal service. I don't know any other services that the government grants to me for my income tax. I don't get any more on the basis of my graduated income tax than the next guy who pays twice or half; we still receive about the same proportion of national defense services even if I pay more money or less money than somebody else to the federal government. So I don't think it would be a complete observation on some people's part why should I pay as much as the Weyerhaeuser Co. or someone who has a large family or someone who has a small family. It is the services. But I think this merits the consideration of having No. 2, different figures than on an individual household, by having a set up, maybe not exactly like this, but something induced by this outline where there are special benefits. My company benefits because of the Transit and that is not me, it is my company, or our company. Don't forget these things are individuals in the eyes of the law. I think there is merit in this kind of an arrangement. Maybe not particularly on the basis of memos to employees, which would be hard to administer, but I believe there is some justification. I am certain that the companies benefit by the fact there is a Transit System in the City of Tacoma, otherwise every individual would have to be in a car pool. The people have a lot at stake on how transportation and how the flow of people are within the community. I think there is merit to this approach.

Mr. Cvitanich: Hypothetically again, I drive downtown. I do all my shopping downtown because there is more downtown. So the City puts a Transit bus on to go to the Bon Marche. I am more than glad, as a homeowner, to pay a \$1.00 here for the bus. How will the city make it by paying \$1.00 or \$2.00. This isn't the way they advertise it, put a transit special out there for them, why don't they pay more.

Mrs. Price: Let's look at it this way. Because those people want a bus to take them to the Mall--our Transit bus--if they didn't use a Transit bus, we would be subsidizing a lot more, so they are paying for these people to ride on the bus. These people that are riding on the buses to work, they are helping to pay for the operation of the buses but they will still have to pay a dollar. There are an awful lot of people who never ride a bus that will have to pay a dollar and that is all they're paying toward the bus system.

Mr. Cvitanich: No argument whatever. I ride the bus and I am more than willing to pay.

Mrs. Price: I am too.

Mr. McCormick: I think also one of the reasons, not the main reason, but I think there might have been some thinking also to the fact that if you didn't charge some kind of a benefit on a preferred basis and charged more than \$1.00 you would not have to tax the housing people for \$1.00.

Mrs. Price: There is no indication put on these groups under No. 2.

Mr. McCormick: That is my interpretation of the State Law.

Mayor Tollefson: That is one of the reasons that the Legislature drafted it that way. They had in mind the fact that some business might benefit more than just the householder would benefit.

Mr. McCormick: These arguments were before the Legislature, just as they are here tonight.

Mayor Tollefson: The Law is better than the one that was presented to the Legislature. But it is still difficult.

Mr. Rowlands: Mr. Cvitanich, let me try to answer your question completely. Actually, in addition to using and utilizing this method, they also gave some of the cities the opportunity to use the B & O tax method, if they wanted to, if they already had a B & O tax. But the point that was mentioned by Mr. McCormick, City Attorney, should remain in this discussion for example,

Looking at these figures we can come up with some alternatives--four or five classifications, or even two or three. When you have a figure of two or three or four dollars, for example, opposed to the \$1.00, then you might be able to have a 75¢ fee in place of the \$1.00. Also, depending on the amount of money you want to set aside for replacing equipment-depreciation, plus the repayment of the loan, plus operating loss, all these things I think the Council will have to consider.

There are all types of combinations. It is not a simple matter-- it is complex.

Mrs. Price: If Initiative 226 had passed, we wouldn't have to worry about it.

Mr. Rowlands: That's right.

Mr. Haley: I would like to make some other comments on this matter. If we go the route of having Item 2, which would be different from the individual housing, but I will call that Item 1; then maybe take Item 3 and have it item 2. I would suppose this should be more than just \$1.00 or \$2.00 or it would make a mockery out of the whole idea of differentiation. It would seem to me it would be a lot more logical if you are going to charge a householder \$1.00 and a company that employees 100 people, and maybe charge them \$100. All right you are going to charge them \$12.00 a year for the householders; if you have 100 employees, would you charge them \$1200.

Mr. Bott: You have 100 people paying to buy a house too.

Mr. Haley: But I just got through telling you that the individual at home is one thing and he is a separate entity and recognized by the law. But you've got corporations, businesses here, likewise separated. These people have all the rights that the individual has Merrill, Lynch, Pierce, Fenner, Smith and Dean are treated as an individual.

Mr. Bott: These employees can be treated as an individual. I still maintain they are not the ones that gain, it is the employees that gain.

Mr. Haley: Mr. Mayor, if we are going to charge a dollar to the individual householder, it has to be more than just double or triple in these other classifications, otherwise, you defeat the purpose. If I pay \$100--I don't mean to pretend this is the right figure, but I did use the figure and it seems somewhat ridiculous, perhaps,-- I think there should be a substantial difference.

Mr. Finnigan: Reading from the 1963 Annual Budget, Mr. Rowlands wrote this special paragraph on what caused the financial problem. He goes on to talk about the Transit Dept. - "Furthermore, a subsidy of approximately \$78,000 for the year 1961 and \$67,000 for the year 1962 must be repaid over a three-year period on an average of \$40,500 annually. Therefore, the Transit System is now being subsidized by the General Fund to the extent of approximately \$71,000 annually." Now we are talking about a million dollars annually.

Mr. Gaisford: \$475,000 annually, \$125,000 repayment of the loan.

Mr. Finnigan: Repaying a loan which we would never be able to pay because it has grown more and more and more. Amortize this thing out in its entirety and equipment and it will be going for another 50 years.

You are talking about four bits or \$1.00 here. What is the next move--go down to the Legislature and ask for an extension to \$2.00 maximum or \$3.00 maximum. Is this what people are looking forward to in the future. How far will we go on this thing. You were talking about \$71,000 just 3 years ago. Now we are talking about \$475,000 annually, plus equipment, etc. We've got to look a little farther than just next year or the year after that.

The Legislature provided \$1.00 maximum and we are trying to work that into a reasonable sum, somewhere around a half million, from the figures that you have given us. This thing isn't going to end next year or the year after. At the rate it is going, it is going to be just a tremendous expense. I think we had just better look a little bit beyond the next year or two. I think we should look at ten years from now.

Mr. Rowlands: If I may add this for just a moment, for the first time we seem to be reaching a level here with a slight increase in patronage, so we're not going down 4 to 5% a year, we're coming up 1 1/2 or 2% the last month. Somewhere in that neighborhood.

Mr. Finnigan: That is all right, Mr. Rowlands, but it will take another 10 years to catch up. No doubt about it, with the loans we have out now. We have no relief in sight for the next ten years.

Mayor Tollefson: What you are saying is, even if we pass this, at a reasonable amount to take care of the need for this year, there is not going to be enough for the next year.

Mr. Finnigan: No.

Mayor Tollefson: That is what we have to point out to the Legislature, even though this is a relief measure, it is not an adequate measure.

Mr. Rowlands: We could have a profitable Transit System, all right if you have a depression or if you have a war where you have to curtail the use of the automobile. Under those two circumstances I could give you the most prosperous Transit System in the world. They were making money all over the country at 5¢ a ride in 1941 through 1945, but we have a prosperous, two or three car family society these days, and I know it is not going to get any better. I can't see any prospects of it getting any better - it may even get a little worse from the standpoint of money out of pocket. I knew, at least, we are not losing patronage this year and that is a reversal, as it's 5% almost every year for the last ten years.

Mr. Cvitanich: Well, Mr. Rowlands, I think we discussed this back in 1962: No. 1, the Transit System is a necessity. No. 2, we will try to operate the best we can. We are not going to make money with it, we have to subsidize it. Where does the money come from - that is what it boils down to.

Mrs. Price: If this were operated just like any other utility that has to be operated, then we would have to make a charge that would run the utility, and we couldn't subsidize from our general fund.

Mayor Tollefson: You can do that on a taxable utility, but you can't do it on this one.

Mrs. Price: That is what I mean, on another utility, but you couldn't do it on this one to maintain the system.

Mr. McCormick: Some decision is going to have to be made within a week. Thursday is Thanksgiving Day and we have to get the docket ready for Council for the 29th. If it is going to be referred to the electorate, it would have to be certified to the Auditor's office at least 45 days prior to the 24th of January.

If this is to be placed on the ballot, it will have to be passed next Tuesday.

Mayor Tollefson: Probably we will have a long meeting next Tuesday.

Mr. Haley: Shall I lead out by giving the Council something to chew on as to how it works out, then they can shoot it down or use it.

I proposed to use \$1.00 as a base, the maximum. Then if it is less than \$1.00, more questions can be asked.

Let me proposed that we charge \$60.00 per year because on a \$1.00 base that is \$12.00 a month.

Then for Item 1, the household on a yearly basis, it would be \$12.00.

Then I propose No. 2, \$50.00 a year.

Then No. 3, Item (a) \$20.00 a year.

Then Item (b) \$30.00 a year.

Item (c) \$60.00 a year.

Item (d) \$80.00 a year.

Item (e) \$100.00 a year.

Mr. Cvitanich: I appreciate Mr. Haley's statements, and it is a step forward, but I think that before the next meeting maybe we can get some figures on how much revenue we would get at 50 cents a month and 75 cents a month also. Then maybe scale these other proposals.

Mr. Haley: As I propose, \$1.00 a month as a base or \$12.00 a year as a base, then, of course, scale them accordingly.

Mr. McCormick: As I gather, it is the consensus of the City Council here that they would not keep all of the classifications based on the number of employees.

Mr. Gaisford: May I say one thing, we will have tremendous difficulty to bring in a revenue estimate based on the number of employees. This will be a tremendous job to find out the number of employees in each organization. There are over 5000 different types of commercial and industrial businesses. There is approximately 80% that have between one and ten employees.

Mayor Tollefson: I want to point out one thing; this should not be on a per year basis, it should be on a monthly basis.

Mr. Rowlands: Mr. Mayor, could we submit to the Council two or three or four other alternates.

Mr. McCormick: They could be drafted for next week.

Mayor Tollefson: For example, we have to move along as we all know, and it is the matter of the actual doing. The administrative portion had to be discussed very carefully so I will suggest that we get together with Mr. Gaisford and Mr. McCormick and see what the difficulties are going to be, keeping in mind the equity of such a business tax. The original idea was that this would be paid for on an individual basis. That was our original idea. With this drafting of the law by the Legislature, it opened this area which is extremely complicated.

Let's see what we can work out on those formulas and see what can be accomplished.

Mr. Murtland: Mr. McCormick will have to come up with a better definition of employees because it so happens that I am supporting three employees and of these employees, none work more than 8 hours a week.

Mr. McCormick: I appreciate that it is very difficult to draft a definition of employees as there are so many things involved, but we will try to come up with something.

Mrs. Price: I was wondering about the apartment houses, is it possible to find from the Utilities Dept. just how many of these apartments furnish the electricity. I believe that most of them and especially the newer ones, and the larger ones, are all metered individually.

Mayor Tollefson: I think so too.

Mrs. Price: Then we wouldn't have to worry about this 90% because apartment dwellers are billed privately. In the smaller apartments, the one and two units, have put in meters because it was too costly, I don't think we would have too much worry about apartment houses in this respect.

Mayor Tollefson: Let's go on with the final reading of ordinances.

FINAL READING OF ORDINANCES:

Ordinance No. 18121 (postponed from the meeting of Nov. 9, 1966)

Amending Chapter 12.06 of the official code of the city by repealing and re-enacting a new section 12.06.190 relative to Electric Energy-Regulation and Rates.

Mayor Tollefson requested that this be postponed for one month, until December 20, 1966.

Mr. Cvitanich moved that Ordinance No. 18121 be postponed until Dec. 20, 1966. Seconded by Mr. Haley. Voice vote taken. Motion carried.

Ordinance No. 18166

Annexing the area in the vicinity of So. 96th and Pacific Avenue.
(petition of Park 'N Shop Land Co.)

Roll call was taken on the ordinance, resulting as follows:

Ayes 8; Nays 0; Absent 1, Johnson.
The Ordinance was declared passed by the Chairman.

Ordinance No. 18167

Providing for the improvement of L I D 5428 for water mains in No. 33rd St. from 515 feet east of Pearl to Shirley St.; Shirley from No. 33rd to No. 35th; No. 35th from Shirley St. west 270 feet.

Roll call was taken on the ordinance, resulting as follows:

Ayes 8; Nays 0; Absent 1, Johnson.
The Ordinance was declared passed by the Chairman.

Ordinance No. 18168

Providing for the improvement of L I D 4802 for paving on No. 14th from Alder to Cedar; alley between Tacoma Ave. and G St.; 6th Ave. to So. 7th; alley between I & J; So. 19th to So. 21st and other alleys.

Roll call was taken on the ordinance, resulting as follows:

Ayes 8; Nays 0; Absent 1, Johnson.
The Ordinance was declared passed by the Chairman.

Ordinance No. 18169

Providing for the improvement of L I D 3655 for storm drains on Titlow Rd. from 110 feet north of So. 16th to So. 17th and So. 16th St. from Titlow Rd. to 130 feet east of Walters Road.

Mr. Schuster explained, this area is near Titlow Beach and it is strictly for a storm sewer. He pointed out on the map the location of the proposed sewer in connection with the trunk line coming from the Narrowmoor area.

Mrs. Alice Nordstrom property owner, explained that this storm sewer would be of no benefit to her property whatsoever. She said when the sanitary sewer was installed they thought they were paying for the storm sewer also. On their own they have laid 400 feet of tile and this drains down to where the storm sewer is proposed.

Mr. Schuster explained, the assessment on these properties being benefited have been assessed on a front-footage basis, so the properties below have been assessed six times as much as the properties up on the hill. In reality the people living on higher ground help create the problem because their water drains down to the bottom of the hill.

Mr. Johnson explained that they had discussed this at the L I D meeting and it appeared that only 28% remonstrances were filed which was a minor figure, as the majority of the cost was being born by those who were in favor of the L I D. However, those who would benefit by the L I D, was not discussed,

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and it does seem that if proper drainage is put in there, another lateral line will have to be put in above this one, and the property owners will be assessed again at a higher rate than they are now being assessed. He said he did not know how to avoid this, unless Mrs. Nordstrom can prove at the final assessment roll hearing that her property will not be benefited by the improvement.

Mrs. Price stated at the time of the L I D hearing she and Mr. Johnson stressed the fact, if the property owners can prove that they are not being benefited at the time of the assessment roll hearing, their assessment will be deleted.

Roll call was taken on the ordinance, resulting as follows:

Ayes 9; Nays 0; Absent 0.

The Ordinance was declared passed by the Chairman.

Ordinance No. 18170

Approving and confirming the assessment roll for L I D 6813 for street lighting on So. 56th to So. 66th St. from Fife to Wapato.

Roll call was taken on the ordinance, resulting as follows:

Ayes 8; Nays 0; Absent 1, Johnson.

The Ordinance was declared passed by the Chairman.

UNFINISHED BUSINESS:

The Director of Public Utilities presents the assessment roll for the cost of L I D 5419 for water mains in Hason Street produced from So. 48th Street north 630 feet.

Mr. Haley moved that Monday, January 9, 1967 at 4:00 P. M. be set as the date for hearing on L I D 5419. Seconded by Mr. Finnigan. Voice vote taken. Motion carried.

REPORTS:

MC-482 - 52nd Annual Conference of the International City Managers' Association, Phoenix, Arizona.

Placed on file.

ITEMS FILED IN THE OFFICE OF THE CITY CLERK:

Belt Line Division report for the month of Sept. 1966.

COMMENTS:

Mr. Cvitanich asked Mr. Rowlands if the lighting on No. 21st Street has been resolved.

Mr. Rowlands explained the lighting plans were submitted by the Public Works Dept. and several letters have been written to Mr. Erdahl, Director of Public Works, and it does not appear that anything will be installed until next spring.

There being no further business to come before the Council, upon motion duly seconded and passed the meeting adjourned at 7:30 P. M.

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Tom J. Johnson
Mayor of the City Council

Attest: Josephine Melton
City Clerk