

COUNCIL CHAMBER, 7:30 P.M.

Tuesday, October 8, 1957.

Council reconvened. Present on roll call 5; Bratrud, Humiston, Perdue, Pollefson and Mayor Anderson. Dr. Battin and Mr. Stojack took their seats at 7:40 P. M. Mrs. Goering took her seat at 7:45 P. M. and Mr. Jensen took his seat at 8:05 P. M.

UNFINISHED BUSINESS:

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

Mayor Anderson welcomed the group present and said that the Council had asked certain citizens to attend the meeting for the purpose of discussing the Budget. It is a tremendous job to prepare the budget, and the Council wanted the citizens to understand some of the problems involved in preparing and balancing it, the Mayor stated.

City Manager Rowlands distributed two sheets to the Council members:

- (1) Proposed Revenue Adjustments;
- (2) Proposed Expenditure Adjustments.

Mr. Rowlands stated that it is Council's prerogative to make any additional changes and adjustments. He has had several sessions with the Council members relative to budget matters, Mr. Rowlands added.

Mr. Rowlands read the following "Proposed Expenditure Adjustments"

	ADJUSTMENTS	BALANCE
Estimated Expenditures in 1958 Preliminary Budget		\$ 8,852,317
Salary Increases	\$ 83,548	
1 Account Clerk in Tax & License Division, Finance Dept. for license inspections	4,442	
1 Street Sweeper in Street Maint. Division, Public Works Dept.	15,000	
Alley L.I.D. Participation	5,000	
New Sidewalk L.I.D. Participation	5,000	
Rebuild North "I" St. & Steele St.	10,000	
Widen Stevens St. from North 6th to 9th Streets	35,000	
Cumulative Reserve Fund for Maintenance & Operation & Capital Outlay	36,532	
New Proposed Balance		\$ 9,046,839 "

Mr. Rowlands referred to M. C. 166, "Utility Taxes on Natural Gas and Telephone Companies" and suggested Council review this M. C. He particularly referred to paragraphs (1) and (2) on page 2 with reference to three cities in the State having combined franchise and B. & O tax rates equal to or exceeding 5% on natural gas, and that

iam has a utility tax on Pacific Telephone and Telegraph Co. of 10%.

Mr. Rowlands also referred to "Proposed Expenditure Adjustments"

	<u>Adjustments</u>	<u>Balance</u>
Estimated Revenues in 1958 Preliminary Budget		\$8,852,317
Increase in General Property Tax Estimate by County	\$ 6,918	
Increased B & O Tax for Pacific Te. & Tel. from 6- $\frac{1}{2}$ % to 8%	77,667	
Decrease in Rental of City Property Owned by L. I. D. Guaranty Fund	(6,685)	
Increase in B & O Taxes due to 3% tax on Washington Gas & Electric (in addition to present 2% franchise tax)	13,870	
Increased Charges to Utilities	12,454	
Increase in Gross Earnings Taxes from Utilities Belt Line (5 to 8%)	13,665	
Garbage & Refuse (7 $\frac{1}{2}$ to 8%, plus rate increase)	16,533	
Sewer (5 to 8%)	12,000	
Water (7 $\frac{1}{2}$ to 8%, plus rate increase)	39,715	
Increase in Reimbursement from State for Lift Bridges	1,999	
Increase in Unexpended Balance of City Street Fund	6,386	
Total Estimated Revenues		<u>\$9,046,839</u>

Mr. Rowlands advised that these changes have all occurred since the Preliminary Budget was adopted.

Copies of "City of Tacoma 1957 Rates of Compensation and Recommended Rates for 1958", dated October 8, 1957, were distributed to Council members. Mr. Rowlands stated that this shows where changes occurred in salaries in the City of Tacoma. The Personnel Department spent considerable time on the Salary Survey, he said, and outside agencies cooperated in furnishing salary schedule information. Mr. Rowlands elaborated on the "Proposed Expenditure Adjustments" and said each employee will be at the top of the range in three and one-half years. The time involved in reaching the top has been a source of much contention in the past, Mr. Rowlands stated. In some instances there will be changes in the salary schedule, in some there will be increases of more than one percent, particularly in Engineering classification. They felt a normal increase of 4% in salaries for City Employees was justified according to the going rates in the community. It was also their opinion that the City of Tacoma should not be either high or low in salary schedules, but should rather be at the medium point. This salary adjustment amounts to \$83,548.

License Inspection has been turned over to the License and Tax Division of the Finance Department. This is now taken care of by the Police Department, but next year it will be eliminated from that Department and turned over to the Finance Department as it should have been. This will mean one clerk will be added to the Finance Department.

They also felt that there should be one additional street sweeper. The City has two sweepers but one of them is in a very bad condition, Mr. Rowlands stated.

\$150,000 was eliminated in projects from the City Street Fund, but it was felt of these: (1) Rebuild North I Street and Steele Street - \$10,000 and (2) Widen Stevens Street from No. 6th to 9th Streets-\$35,000, should be reinstated, Mr. Rowlands stated.

This brings the total budget to \$9,046,839 for the General Fund, Mr. Rowlands stated.

Dr. Humiston said he believes it should be strictly understood that all the revenue adjustments, with the exception of the increase in General property tax estimate in the amount of \$6,918, are merely proposed revenue adjustments and must be acted on by the Council. Mr. Rowlands agreed that this was correct.

Mr. Rowlands reviewed the high-lights of the Budget as to tax income and other sources of income and also expenditures, using a series of charts in making this review.

Mr. Rowlands said that tomorrow night at 7:30 the agreement with the Metropolitan Board will be considered and that some one from the Park Board will be present at this time. This agreement follows the suggestion made in the Lybrand-Ross Bros. and Montgomery Report, he added.

Dr. Humiston said he did not feel that the Council should be left in a position of committing themselves as agreeing to these increased gross earnings taxes, etc. if they adopted the proposed revenue adjustments totaling \$9,046,839. Mr. Rowlands said that these increases had been discussed thoroughly with Council at one of the study sessions, and he was sure they reflected the thinking of those present at that session. Dr. Humiston said he did not agree with this statement as he remembers all they asked for was a comparison sheet showing what other cities are doing, and this information was distributed tonight.

Mr. Bratrud asked what had been done about the I. B. M. billing charges that were to be adjusted with the Utility Department. Mr. Rowlands said it is their recommendation that Council advise the Utilities on Thursday that we would like them to follow our recommendations relative to these charges. This would help the sewer and garbage funds in the amount of approximately \$34,000, Mr. Rowlands stated. Information was sent to the Utility Department about three weeks ago but they have given his office no reply as yet. Instead of the present \$88,000 paid for this service, the Lybrand, Ross Bros. Report said we should be paying \$54,000, which would cut these costs down approximately \$34,000. Mr. Rowlands suggested that perhaps some member of the Council might attend the Utility Board meeting tomorrow night and convey Council's request to the Board and ask them what their plans are in this regard.

The proposed increase to 8% in B. & O. Tax for the Pacific Telephone and Telegraph Co., which amounts to \$77,667, was discussed. Dr. Humiston said he did not like to see Tacoma charge the highest tax in the State, and pointed out that Spokane charges 3% and Seattle charges 6%. The Telephone Co. already pays a considerable sum in the form of real estate taxes to the County and School District, while publicly operated utilities do not pay these taxes. The increase in tax is actually passed on to the telephone subscribers as an additional charge, he added.

Dr. Humiston said he would agree to raising the Washington Natural Gas and Electric B & O taxes by 3% to make it the same as charged in Seattle, but he did not favor the raise of the Telephone Company's tax.

Mayor Anderson polled the Council on this matter and the result was six who favored the 8% charge to the Telephone Company and three were against it.

It was decided that Eric O. Brown, Manager of the Telephone Company and representative from the Gas Company be requested to appear before the Council at tomorrow night's budget hearing.

Mr. Rowlands stated that any adjustment in I B M billing charges would not credit the City's General Fund, but would only aid the Garbage and Sewer Funds.

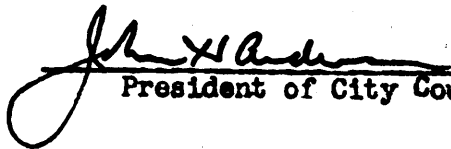
Mr. Rowlands said he would like to ascertain Council's reaction to the suggestion in M. C. 165 (Resume of Garbage and Refuse Utility Report) of a 20¢ per month increase in garbage collection service to residential customers and approximately 25¢ per month for commercial customers.

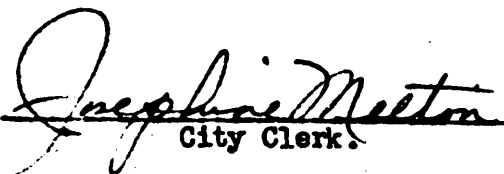
Mr. Bratrud asked if this raise in charges would be enough to take care of the cost, so the Council would not be faced with the necessity of another increase in the next year or two, such as occurred in the water rates. Mr. Rowlands replied that the matter had been studied very carefully and they are certain the 20¢ raise is sufficient if future salary and maintenance cost increases are taken into consideration.

Mr. Perdue said he felt the 25% raise per month for commercial customers might lead to cause this group to do more burning in incinerators, since a large portion of their refuse is card board boxes. Mr. Rowlands said consideration should be given in the future to tightening regulations governing incinerators, which would take care of the situation.

Mayor Anderson asked the Council's opinion on the matter of raising garbage rates. It was moved by Mr. Tollefson, seconded by Mr. Stojack, to approve the 20¢ increase per month to residential customers and 25% per month to commercial customers. Motion carried unanimously, although three members said they would prefer to see the residential rate increased by 25¢ a month.

Upon motion, duly seconded and carried, Council then recessed to Wednesday, October 9th at 7:30 P. M. for the hearing on the budget.


President of City Council.

Attest: 
City Clerk.