

**CITY OF RUSTON
REGULAR COUNCIL MEETING**

Tuesday, December 6, 2022

The City Council of the City of Ruston met on this date via In Person

MEETING CALLED TO ORDER

At 7:11PM Mayor Hopkins called the regular Council Meeting to order. Councilmembers present were Councilmember Kristovich, Councilmember Huson and Councilmember Jensen. Councilmember Hedrick and Councilmember Syler were excused. Following the flag salute, Councilmember Kristovich moved to approve the agenda, with a second from Councilmember Huson. Councilmember Jensen moved to amend the agenda to remove business item 5, Consider Councilmember Jensen's Request to Schedule a Retreat and Budgeting Workshop, and add it to the council meeting of December 20, 2022. The agenda as amended passed 3-0.

MINUTES - Councilmember Kristovich moved to approve the minutes for the Regular Council meeting of November 15, 2022, with a second from Councilmember Huson, passed 3-0.

STAFF REPORT – Nothing at this time.

GENERAL PUBLIC COMMENTS –

Doug Hammond – Wanted to thank all those involved in the spectacular Christmas tree lighting. Mr. Hammond recognized the great work Council and staff did on fixing the street signs throughout the City. Mr. Hammond asked for an update on Promontory Park and the slabs of asphalt at the Point Ruston development.

BUSINESS –

ORD 1562 – Public Hearing – City of Ruston 2023 Budget - Councilmember Kristovich moved to open Public Hearing. During Public Comment: Kevin Moser asked if legal fees were allocated annually for more of the frivolous lawsuits by the Point Ruston developer. Councilmember Kristovich moved to close Public Hearing on Ordinance 1562, with a second from Councilmember Jensen, passed 3-0.

ORD 1562 – City of Ruston 2023 Budget (3rd Reading) – In accordance with State law, the Mayor of the City of Ruston completed and placed on file with the City Clerk-Treasurer a proposed preliminary budget and estimate of the amount of monies required to meet the public expenses, interest, reserve funds, and expense of government of the city of Ruston for the fiscal year ending December 31, 2023. The Council is required to adopt its budget ordinance prior to January 1, 2023.

The City Council Budget consideration schedule for Fiscal Year 2023 is as follows:

Mayor’s Budget Message to Council:	October 4, 2022
Council discussion of revenue sources:	October 18, 2022
Public Hearing on Revenue Sources:	October 18, 2022
First Public Hearing on Preliminary Budget:	October 18, 2022
Adoption of Tax Levy Ordinance No. 1561:	November 1, 2022
Second Public Hearing on Proposed Budget:	November 15, 2022
Third Public Hearing on Proposed Budget:	December 6, 2022
Budget Discussion #1:	October 18, 2022
Budget Discussion #2:	November 1, 2022
Budget Discussion #3:	November 15, 2022
Budget Discussion #4:	December 6, 2022
Adoption of Final Annual Budget for 2023:	December 6 or 20, 2022

Prior to budget adoption, the City Clerk will have fully complied with state law by publishing notice of the availability of the budget for public review and publishing notice of the required public hearings on the City’s proposed tax levy and budget, including a preliminary and final budget hearing. A third public hearing is scheduled for December 6th. Following the public hearing, the Council may continue to discuss the budget or may take action to pass the budget. The budget must be passed prior to the end of December 2022.

BUDGET OVERVIEW

The proposed Total Revenues forecasted are \$10,332,542, consisting of Beginning Balances in the amount of \$4,166,924, plus interfund transfers in of \$307,000, and operating revenues of \$5,328,397. The Total Expenditures proposed are \$10,332,542, consisting of operating expenses in the amount of \$5,795,618, plus Interfund transfers out of \$307,000, and Ending Balances of \$4,230,244. The proposed budget by funds is as follows:

Fund	Name	Revenue	Expense
1	General Fund	\$ 1,962,111	\$ 1,962,111
5	Real Estate Surplus	\$ 2,069,610	\$ 2,069,610
101	City Street Fund	\$ 944,400	\$ 944,400
102	Reserve for Equipment	\$ 12,250	\$ 12,250
103	Reserve for Streets	\$ 108,100	\$ 108,100
301	Capital Construction Fund	\$ 358,000	\$ 358,000
401	Electric Utility Fund	\$ 1,656,300	\$ 1,656,300
402	Electric Utility Reserve Fund	\$ 275,000	\$ 275,000
403	Sewer Utility Fund	\$ 1,583,500	\$ 1,583,500
404	Sewer Utility Reserve Fund	\$ 355,000	\$ 355,000

407	Storm Sewer Utility Fund	\$ 237,000	\$ 237,000
410	Sewer Debt Service Fund	\$ 375,000	\$ 375,000
411	Electric Meter Deposit Fund	\$ 153,000	\$ 153,000
622	WR Rust Playfield Fund	\$ 54,921	\$ 54,921
624	School Building Maintenance Fund	\$ 113,000	\$ 113,000
634	Custodial Funds	\$ 350	\$ 350
635	Pt. Ruston Signage Custodial Fund	\$ 75,000	\$ 75,000
		\$ 10,332,542	\$ 10,332,542

Approval of this Ordinance will adopt the 2023 Budget and establish the appropriations necessary to authorize expenditures for each of the City's funds as will be later detailed in Ordinance #1562.

Mayor Hopkins addressed corrections that needed to be made within the Agenda Bill to include a salary increase for the Ruston Fire Chief and allocate funds for website design. Mayor Hopkins recommended Ordinance 1562 be brought back before Council at the next council meeting of December 20, 2022. Mayor Hopkins noted that Councilmember Jensen sent questions which he addressed. Mayor Hopkins noted it was difficult to explain fund accounting and how the process works. Each year the City has been lean when budgeting funds for the needs of the City and how the City's limited revenue should be used and keeping expenses down. This year Mayor Hopkins asked departments to review what they needed in order for them to do their jobs well, and provide the services that the citizens expected, without dipping into the reserve fund. In discussion Councilmember Huson appreciated, that through the years, the Mayor and Council have continued to be fiscally responsible and still maintain a \$2MM reserve fund. Councilmember Jensen appreciated Mayor Hopkins efforts and hard work on the 2023 budget, which would include additional funding for website design. Councilmember Jensen noted the importance of holding budget discussions in the spring of 2024 to address the City's wish list for the following year. Mayor Hopkins addressed the allocation of legal fees which are included in this year's budget. Councilmember Jensen moved to amend the previous motion and move Ordinance 1562 to the council meeting of December 20, 2022, with a second from Councilmember Huson, passed 3-0.

ORD 1564 – Levy LID Lift (2nd Reading) - As the Council is aware, the City has been balancing its budget for many years by using fund reserves. This approach is not sustainable, and the City has worked to increase revenues from various sources over the past few years. The City's property tax is growing and far less than the costs of providing governmental services and therefore there is a structural gap between projected revenue and projected expenses. In order to fill this gap, the Mayor and Finance Director recommend the Council put a one-year levy lid lift onto the ballot in 2023. If passed, this will be collected in 2024 and will establish a higher "base" property tax levy amount in future years.

Proposal for Levy Lid Lift. The City has the option to put a levy lid lift on the ballot next year to increase property taxes over the currently constrained 1% limitation. The Mayor and Finance Director is proposing a one-time 25% increase which will be a permanent increase **starting in 2024**. What this means is that in the first year, the City's legal levy maximum will be increased by the percentage proposed. That then becomes part of the new basis for which all future increases (limited to 1% per year) will be made. The City currently levies approximately \$602,242 in property tax annually which is not adequate to fund all of the City's operations, including police and fire services. If the voters approve a one-time 25% increase, this is expected to generate approximately \$150,000 annually. Assuming the project new construction will be developed, this should be adequate to close the current gap in conjunction with the sewer utility tax described above. Without additional revenue, the City will need to reduce services in the years ahead.

What is a Levy Lid Lift? A levy lid lift is not a separate property tax, but rather a way of increasing an existing property tax. In this case, it would increase the general fund levy above the 1% increase limit. Because Ruston is levying a tax rate below its statutory maximum rate, it may ask the voters to "lift" the levy lid by increasing the tax rate to some amount less than or equal to its statutory maximum rate. Here, the \$0.325614/\$1,000 Assessed Valuation (AV) lift, would still result in Ruston being below its statutory maximum. Basically, taxing districts have a regular property tax levy (dollar amount), which can increase a limited amount each year, subject to limitations on the maximum levy rate per \$1,000 assessed valuation (AV). Additionally, the combined rate of most local taxing districts cannot exceed \$5.90 per \$1,000 AV, and total levy rate for all taxing districts cannot exceed \$10.00 per \$1,000 AV, with certain exceptions. The maximum levy rate varies depending on the kind of taxing district. For instance, cities that are not annexed to a fire or library district generally have a maximum levy rate of \$3.375 per \$1,000 AV, while the rate can be significantly lower than that for cities that are annexed to fire or library districts. The total levy amount collected for a taxing district is also subject to a 101% levy limit, meaning the total dollar amount collected each year may not increase more than 1% (excluding new construction and certain add-ons) from the previous year. The 101% restriction is known as the "levy lid." A levy lid lift ballot measure is a mechanism for voters to approve an increase in a taxing district's total levy by more than the 101% limit (RCW 84.55.050). Although a levy lid lift allows the total levy dollar amount to increase more than 1% over the previous year, it does not allow the levy rate per \$1,000 AV to increase above the maximum statutory or constitutional rates. A levy lid lift only requires a simple majority (50% plus one) for approval, and there are no minimum turnout or "validation" requirements.

Ruston Levy Lid. Ruston is not subject to the fire direct or library district, therefore the maximum levy rate is \$3.375 per \$1,000 AV. The City will in 2023 levy \$1.383 per \$1,000 AV which leaves

a capacity of \$1.992 per \$1,000 AV remaining. The proposed 25% levy lid lift, if adopted, will bring this rate to \$1.708 per \$1,000, which is below the maximum rate. The levy rate changes annually depending on property tax valuations. Valuation within Ruston changed by 16.97% in 2022, rising from \$376,666,782 to \$440,589,860. This reduced the levy rate from \$1.58 to \$1.383 per \$1,000. Total dollars collected rose from \$596,278 in 2022 to \$602,242 in 2023. The total amount collected will set the calculated levy rate per \$1,000 in assessed value. The City has determined that an increase in the total levy amount of 25% over current collections will amount to \$752,800 which will fund public safety adequately without the need to dip into reserve funds. As drafted, Ordinance No. 1564 contains the necessary language to put the one-year levy lid lift onto the 2023 ballot. This is recommended for placement onto the August Primary Election Ballot.

Discussion of ballot propositions. If the Council passes the levy lid lift, the basic rule is that a person cannot use City resources to support or oppose a ballot measure. Therefore, Council and staff will need to be mindful to avoid accidentally violating this requirement. The City *can* provide some factual information to the public about the proposition which the City Attorney will help prepare. But no one can use any City resources, including any devices, supplies, facilities, etc. to support (or oppose) the measure. Penalties (levied by the State Public Disclosure Commission) for violations of state law by the City can be severe—up to \$10,000 per violation.

In discussion, Councilmember Huson noted that having the list of items from staff, to include all of the deferred maintenance of the Ruston School Building and all the additional needs for the City, will be helpful to those who would be writing the Pro stance for the Levy Lid Lift ballot. Councilmember Jensen was excited the Levy Lid Lift would go before the voters and having good discussion in the next months for a vote in August 2024. Councilmember Huson noted that the Ruston Levy Lid Lift could go onto the next general election in November in order to safe costs.

Councilmember Kristovich moved to approve Ordinance 1564, with a second from Councilmember Huson, passed 3-0.

RES 761 – Fircrest Curt IL:A Amendment 4 - Ruston entered into an interlocal agreement with the City of Fircrest for the provision of municipal court services in 2018 via passage of Resolution No. 688. The original Agreement took effect on January 1, 2019 and was a one-year agreement. The Agreement automatically renews unless notice to terminate is provided by October 1st for the next fiscal year. The initial cost of the Court services was \$232,000 for up to 2,500 cases, with additional cases costing the City \$90 per case. This expense will be offset to some degree by Ruston receiving any/all fines or other payments made to the Court on Ruston cases.

The proposed amendment does two things:

1. It extends the Agreement through the end of 2023; and
2. It increases the fixed annual cost to \$254,100 to account for Ruston's proportionate cost of increases in annual expenses of the Court.

Other than these changes, the Agreement will remain the same. The expected annual cost for 2023 under this Amendment is \$254,100. Councilmember Kristovich moved to approve Resolution 761, with a second from Councilmember Huson, passed 3-0.

CLAIMS/PAYROLL – Councilmember Kristovich moved to approve Claims for December 6, 2022 and Payroll for November 20, 2022, with a second from Councilmember Huson, passed 3-0.

MAYOR'S TIME – Mayor Hopkins thanked everyone involved with the Christmas tree lighting and Ray for the dressing of the tree. It looks amazing. Mayor Hopkins provided an update on Baltimore Street and the work stoppage on the project. The issue is between Point Ruston and the contractor. The City gave Point Ruston notice that the City would go after their bond to pay the contractor.

Councilmember Hedrick – Was excused.

Councilmember Kristovich – Nothing at this time.

Councilmember Syler – Was excused.

Councilmember Huson – Thanked Ray and the Ruston Police and Fire departments for a great Christmas tree lighting. Councilmember Huson shared a story regarding former Councilmember Mary Joyce who was a tough and well-respected City Councilmember. Councilmember Joyce would question the then City Clerk on why she would send two checks, to the same vendor, in separate envelopes, which cost the City extra postage. The Mayor, at the time, would pay for things out of the City's budget but didn't get prior Council approval. One example was when this Mayor paid for a paint job on the old green truck out of his own funds, the cost was \$166.73 and then requested reimbursement. Councilmember Joyce convinced Council not to pay the reimbursement, so the truck was painted courtesy of the Mayor at that time.

CITY OF RUSTON
Regular Council Minutes
December 6, 2022

Councilmember Jensen – Thanked everyone for the beautiful Christmas tree lighting which was well attended.

MEETING AJOURNED – At 8:11PM Councilmember Kristovich moved to adjourn, with a second from Councilmember Huson, passed 3-0.

ATTEST:

Mayor Bruce Hopkins

Judy Grams