

MINUTES
Special Streets Sustainability Committee Meeting
Meeting #3: 1:00 p.m. Tuesday, June 8, 2021

ATTENDANCE:

Committee Members:

1. Lance Beck
2. Cal Coblentz
3. Robin DeRuew
4. Tom Dingus - *absent*
5. Kyle England
6. Matt Ewers - *absent*
7. Mike Frucci
8. Kelly Fukai
9. Jesse Granado
10. Todd Henry
11. Chris Moan
12. Karl Otterstrom
13. Kevin Person
14. Greg Repetti - *absent*
15. Melanie Rose
16. Ben Small - *absent*
17. Cheryl Stewart
18. Frank Tombari
19. Joe Tortorelli
20. Kevin Wallace
21. Diana Wilhite
22. Kathe Williams

Internal Staff:

1. John Hohman, Deputy City Manager
2. Adam Jackson, Planning/Grants Engineer
3. Bill Helbig, City Engineer
4. Chelsie Taylor, Finance Director
5. Taylor Dillard, Administrative Assistant
6. Mike Basinger, Economic Development Manager
7. Lesli Brassfield, Economic Development Specialist
8. Chris Bainbridge, City Clerk

External Staff:

1. Joy York, Whitworth University, Moderator
2. Linda Pierce, NCE Engineering, Consulting Engineer

1. Introduction & Overview – Joy York

Ms. York welcomed everyone to the meeting; said today's meeting focus is to discuss committee member's perspectives and preferences for funding the Pavement Management Program (PMP). She gave a few brief reminders that the sessions are recorded and will be posted to the City's webpage; that breakout sessions will be about 35 minutes with time for sharing from one member of each group; she reminded everyone about giving everyone an opportunity to share; said there will be a facilitator in each breakout session; and said the goal is to hear multiple perspectives. Ms. York also noted the role for observers is to only observe and not comment or vote on the poll questions, and that interrupting discussions will result in dismissal from the meeting; however, she encouraged members of the public to feel free to e-mail comments after the meeting.

2. Video Recap – Brief review of content

City Finance Director Taylor gave a brief recap of video 4 which gave a history of and identified challenges to funding the PMP; and of video 5 which offered funding options such as property tax banked capacity, a levy lid lift, a Transportation Benefit District (TBD), and Utility Taxes.

3. Committee member questions or comments from Videos 4 & 5

Discussion included questions about the City's declining telephone tax with Ms. Taylor explaining that when the tax started, many people still had land lines but we were beginning to see the implementing of cell phones; she said the data cannot be taxed, only the talk portion; and then at the end of 2020 we suffered another financial setback of phone taxes due to the Covid-19 pandemic where people were getting rid of their extra cell phones; said that a lot of what is being paid is nominal for the talk portion of the phone, and

to try to determine all the reasons for the drop in the fund would be conjecture. Ms. Taylor also noted that the determination made about whether the phone is in Spokane Valley is based upon the address, adding that staff verified that we were being paid appropriately. There were also questions about the property tax and levy lid amount with Ms. Taylor explaining that property taxes are based on assessed valuation, which she said is not necessarily the same as the sale price which is generally higher; that values increase but the levy rates per \$1,000 decrease as we are capped for the dollar amount. She also noted that an increase could be just a one-time, or could be permanent with for example, increases being designated for roads. Ms. Taylor noted that to try to raise \$8 million would take us beyond our permissible levy limit which is \$1.60 per \$1,000; and that the highest lawful levy would be an increase of about 43%. A comment was made about taking a sampling of voters on various revenue formats and Ms. Taylor said that might be part of our upcoming public outreach.

Another comment was made concerning the solid waste collection fee, generating approximately \$1.5 million for street improvements to local access neighborhood streets, and Ms. Taylor clarified that the fee is only on disposal and not on the collection side, and it is paid by Waste Management as part of their contract and they pass it through to their customers. Mr. Hohman further explained that the funds from the street wear fee will be and have been used to improve the roads in certain neighborhoods, and will likely be used to reconstruct the road around Balfour Park in anticipation of the library's construction; he noted some of those fees were also used to sewer non-sewered homes in the Barker area. Ms. Taylor said that we do not have mandatory garbage collection in our City, but that has been a consideration. Ms. Rose, with Avista Utilities, said that if there was a utility tax, the utility companies would likely collect it and do a pass-through from the consumers back to the utility company.

4. Poll Questions & Breakout Discussion: How to fund the PMP

Ms. York said the purpose of this poll is to get a sense of perspectives and funding preferences. For poll question #1, Mr. Jackson explained that the City funds \$8 million of the \$16 million needed to fund the street program to maintain the streets in their current condition; said staff does not want to presume that we fill the entire \$8 million gap, but asks committee members what amount should be filled. Mr. Jackson mentioned that for the first question, members should focus on how much additional annual revenue should the City secure to satisfy the committee member's expectation of what would be a practical and realistic PMP. He further explained that after the results of poll question #1, the committee will go to poll question #2 to rank or prioritize the options; and then into the breakout discussions to consider the options and develop a plan to address the shortfall, and then possibly take poll questions 1 and 2 again. One of the committee members mentioned that not everyone on this committee lives in Spokane Valley so therefore, likely would not be subject to all the tax options. Mr. Jackson said that consideration has been noted. Ms. York further added that the intent of the poll is to get general perspectives.

Poll Question #1: The City has determined that an additional \$8 million would be needed beyond current spending in order to maintain the streets in their current condition. Knowing the funding tools available to the City to generate revenue, answer the following: How much additional annual revenue should the City secure to satisfy your expectations of a practical and realistic PMP? Options included: (1) \$0 additional; (2) \$1- \$3 million additional; (3) \$4-\$7 million additional; (4) \$8 million additional; or (5) over \$8 million additional.

Poll Question #2: Ranking Funding Method Options: (1) property tax banked capacity; (2) levy lid lift; (3) TBD vehicle license fee; (4) TBD sales & use tax; (5) TBD excess property tax; and (6) Utility tax.

In looking at the poll results, Mr. Jackson noted that approximately 65% want to do the full gap; and about 25% wanted to go with the \$4-7 million; and in ranking the options, it appears the most preferred was a tie between sales & use tax, and utility tax, with the vehicle license fee close behind.

At 1:40 p.m., committee members moved to their breakout rooms to talk about how to fund this PMP, and develop a plan moving forward using some of those funding options. It was noted there were four breakout rooms. Committee members returned at 1:55 for full committee discussion.

Group 1: Ms. Fukai said the group talked about the \$8 million gap and it was agreed there is a need to take a ‘big bite’ out of that gap; said the TBD vehicle license and utility tax were discussed, as were sales and use tax since that would touch all people who frequent Spokane Valley.

Group 2: Mr. Frucci said his group suggested keeping it simple and easy to understand; maybe include that the new revenue be restricted and not something that a council could re-direct to other uses in the future; the group also mentioned the importance of accountability and what will this accomplish, perhaps have a sunset clause; said they were leaning toward something that should be decided by the voters and not at the council level. Another member of that group noted that it appears that property tax would not be able to raise a significant amount of funds, and said splitting the \$8 million among various items would make it more difficult to sell.

Group 3: Ms. Rose said her group didn’t get to a plan but they all decided to fill the entire \$8 million gap and keep the streets maintained; said they talked about inflation and realize the gap would grow over time; for the different options, the sales and use tax utility tax were the favorites.

Group 4: Ms. Williams said her group was split on how to allocate funding as some suggested spreading it out under multiple funding options, while others thought to focus on particular areas to raise larger amounts; said they were also split on the amount of money to ask as two thought to ask less than the \$8 million, and at least one person thought it best to ask for it all; said they didn’t want to create a burden for the homeowner; they thought the best way to guarantee the type of results needed was to put the issue on a ballot, or before council; said there was nothing definitive and they all agreed there is a need for more discussion.

5. Public Engagement Strategies – Member opportunities to host/share meetings?

Ms. Lesli Brassfield, Economic Development Specialist, then discussed some of the public engagement strategies; said she and Mr. Jackson have been working on a video to bring some of this information to a more concise community level with a two to three-minute video which will be placed on the City’s website; also mentioned options to help engage our community, like a Facebook survey; said a public survey of about eight to ten questions will be published in a magazine sent to all households and businesses within the city limits, and the magazine will also include an article about the street sustainability program. She noted an envelope will be included for those preferring to mail in the survey. Ms. Brassfield said they will also do some e-mail marketing campaigns and news releases; and said they are working with some of our City partners such as the Fire Department, Chamber of Commerce, and library. Another plan she said is to have virtual open houses, maybe in July, August and September; said they plan to have some materials at the Farmers Market; and that they are also trying to create some special focus groups like seniors, developers, contractors and others. There was a comment that we have to make people want to pay for it and another suggestion to ask citizens to help prioritize the budget, much like the City of Airway Heights previously did with their budget. Mr. Jackson said if there are other platforms or ideas, to please offer those suggestions. Mr. Beck suggested having a visual connection with the public from start to finish; that what we are talking about is fundraising so now might be the time to engage the services of a creative agency that specializes in this type of campaign.

6. Committee Feedback on Draft Public Survey

Mr. Jackson shared his Microsoft Word document about the Pavement Management Survey, which he explained is divided into two parts, with Part 1 asking general questions about who we are dealing with, residents, employees; the roads, and how people currently perceive the road condition including arterials

and local streets and how to prioritize those; and whether to implement surface treatments. He explained that Part 2 is a bit more complex as it deals with funding, but not to get into the city's entire funding but to focus on pavement management; how much should be funded; and then ranking the funding options; said question 10 mentions how the city has supplemented shortcomings in the pavement management program, and whether to continue that method or look to other sources; and said that the last few questions deal with the effectiveness of the materials, if they were helpful and if people would use them; and then a comment box to provide further input.

Feedback on the public survey included: since this would be the first attempt to get responses, we don't want people to be against something but rather, we want to collect data and not hurt possible voter outcome if they are in opposition; rather than have a long survey, break the survey into pieces; we haven't educated people about how to fund this concept so we don't want people to reject the idea before they get an opportunity to understand the funding options; have a way for people to structure a budget to see how it all might add up; there are likely people who don't know there is a budget shortfall let alone how to fund the shortfall, so do a fact-finding mission first to find out what people think about the issue. Mr. Hohman said there is a need for more discussion to break out the topic of funding and funding options; and said he likes the idea of taking this in pieces to gauge the community's importance of street maintenance.

7. Questions & Considerations Moving Forward

It was suggested to show what the overall tax burden would be based on a certain amount of dollars, but Finance Director Taylor explained that the County doesn't break down the tax that way and it could prove time consuming to try to get that data, which she said is why it is broken down to per \$1,000 of assessed value so the public can figure it out; said we don't have a feel for what the average home is now but perhaps could use the median home price. In response to a question about where Council is on this issue, whether voter or Council approval, Mr. Hohman said a few are leaning toward a voted bond issue, a few are willing to take action, and there are some in the middle, so they are looking for this committee's work to show them some semblance of where to head on this.

8. Next meeting Tuesday July 20, 2021 from 1-3 pm

Ms. York noted the next meeting will focus on how to maximize public engagement, and she extended thanks to committee members and community observers.

The meeting adjourned at 2:53 p.m.

Respectfully submitted,
Chris Bainbridge
Spokane Valley City Clerk