

MINUTES
Special Streets Sustainability Committee Meeting
Meeting #5: 1:00 p.m. Tuesday, August 31, 2021

ATTENDANCE:

Committee Members:

1. Lance Beck
2. Cal Coblentz
3. Robin DeRuew
4. Tom Dingus
5. Kyle England - *absent*
6. Matt Ewers
7. Mike Frucci
8. Kelly Fukai - *absent*
9. Jesse Granado - *absent*
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 - *absent*
18. Frank Tombari
19. Joe Tortorelli
20. Kevin Wallace: replacement Lois Bollenback
21. Diana Wilhite
22. Kathe Williams

Internal Staff:

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

Joy opened the meeting and welcomed everyone; she explained that today's focus is to re-visit the public outreach process and the role this committee has in that effort, and to have more in-depth discussion on the reliance on surplus funds on the Pavement Management Program (PMP), and to get an update on the public participation process and give people a briefing on accomplishments so far. She reminded everyone that these meetings are being recorded; said there will be one breakout discussion today of about 25 minutes with the focus on getting multiple perspectives. She also reminded community observers just to observe rather than interrupt the speakers, but that the public is welcome to e-mail comments to Adam Jackson (at streetsolutions@spokanevalley.org).

2. Revisit Public Outreach Process

It was mentioned that we want to engage public opinion on this topic of pavement management, and through the member questionnaire, feedback for this committee will be collected.

3. Member Questionnaire: Comments & Questions

The floor was opened for comments or questions concerning the questionnaire. Ms. Rose asked if all the responses will be compiled together once complete. Mr. Jackson explained that the intent is to take the committee's responses and compile them and identify trends and generalities; said they will all go into the report to support the overall summary, adding that the summary report is one focal point. Mr. Hohman added that another point is, we work with the public survey. Mr. Jackson also noted that committee member names will be included on the report and said he would like the survey responses returned by September 14th.

4. Surplus Funding Discussion & Breakout

City Finance Director Taylor went through the PowerPoint entitled “Use of General Fund Surplus to Support the PMP.” Ms. Taylor went over the history of the street fund and use of the surplus funds to stabilize operations in the street fund; she mentioned the ever-declining telephone tax collections which led to use of the surplus funds; she explained the managing of operations and of the City’s typical under-expending the adopted budget; said that both sales taxes and permit revenues have been increasing through 2020; she explained the process of moving amounts of the reserve balance that exceed 50% minimum, to the capital reserve fund; and that although the City generally has surplus funds, use of those funds to the street fund takes away our ability to allocate those towards priority projects, such as the grade separation projects, and that it is generally not a good idea to use one-time funding for recurring operations. Ms. Taylor added that the revenue sources are highly dependent on economic conditions and she noted that our great bond rating is impacted by the reserve fund, and that we have a very strong cash fund balance.

Mr. Hohman added that this is a difficult subject matter as use of these funds only goes toward maintenance to prop up the telephone utility tax, which doesn’t take us anywhere to address the large issue of PMP; said we try to grow the economy by keeping the taxes down and we have done a good job at that; said the NE industrial area would not have been possible without the Barker Grade Separation Project, which isn’t completed yet but companies have moved in there with the expectation of it being completed; said the City put in about \$3.4 million to that project and we are looking to do the same thing on the Pines Grade Separation Project; he stated that it is very valuable to be able to give Council this committee’s perspective on this topic.

The groups left into their break-out groups at 1:40 for about 25 minutes, so discuss whether the PMP should continue to rely on annual surplus fund transfers, and why or why not. Below are the responses from each group.

Group 1: Mr. Beck said they feel the general funds should be used but in support of a dedicated fund with the scale of funds relied upon by revenue streams; said there is no one option to fully fund the projected need so it makes sense to use the general fund and keep the dedicated funding stream as a more concise program which is more easily understood.

Group 2: Ms. Rose said they discussed growth in the community and how sustainable is that surplus fund over time, and how might those funds be used if not for street maintenance; overall they said not to use surplus funds for street maintenance and not rely on them except for rainy day situations; said we need to come up with a plan. Mr. Tombari suggested we get out of the general fund; and Mr. Tortorelli said if you explain what is needed to the public and give them the facts, he feels the public will support it.

Group 3: Mr. Otterstrom said if there is always a surplus, maybe there is an opportunity to allocate funds at the get-go instead of waiting for the surplus; maybe have some development fees directed to preservation and maintenance; said they recognize you can’t run a city without planning for contingencies; and said the committee has a problem with the concept of no new taxes when the baseline doesn’t address preservation; said the question is how to communicate that; said they feel if there are too much taxes, then we need to ask people what they are willing to give up. Ms. Wilhite suggested the need to have a dedicated fund and to craft a message to the population of why that is needed.

Group 4: Ms. Williams said they discussed that this is a long-term discussion which has been going on for many years, and the sense is we need a sustainable source of funds and not just use the general fund; said it is important to convey the right message to the public; noted that we’re not alone in this conversation as it is occurring in communities across the country. Ms. Bollenback reiterated that people don’t like taxes, but they don’t like potholes either, so how much are they willing to pay at a minimum.

Mr. Hohman further noted that a good portion of the contributing factor of our surplus money is our contract with the Sheriff's office as there is quite a bit of money returned annually as they haven't been able to fill all police positions; said we have had this extra money due to these factors, but some day those positions will be filled giving us less revenue as a consequence.

5. Update on Public Participation Process: Meetings & Survey Status

Mr. Jackson briefly went over some of the results of the survey; that as of August 24, we had 794 responses with 91% stating they live here, 29% stating they work here, and 2% neither living or working here; regarding street conditions, perception of the overall condition of all our streets was 50% good or excellent, and 39% fair; the perception of the overall condition of arterial streets was about the same, and the perception of the overall condition of local access streets was 42% good or excellent, and 44% fair. In response to the question about should the city implement surface treatments, 65% said yes and 14% said no, with 21% unsure; preferences for PMP budgeting, 90% said yes that the city should prioritize the PMP in the budget planning process, that 20% said the city should limit PMP to current spending or less, 83% said the city should increase PMP annual spending to prevent street decline, and 26% yes the city should reduce other programs/services to fund the PMP; so in summary, 50% said local streets should be prioritized or given equal priority compared to arterials; 1/3 said no or were unsure about implementing surface treatments; there was positive feedback to increase PMP funds but don't reduce other programs/services, and favorable responses for new revenue streams were yes to TBDs vehicle license fee, sales & use tax; use of utility/property taxes was too close to call; and 75% agreed there should be a balanced approach using all sources.

6. Questions: Considerations moving forward

Mr. Jackson stated that the survey will be available until about mid-September, and that they are working on a fresh website with summary write-ups and other links for greater detail; said the smaller community meetings have gone as well as expected, with about fifteen or more people attending the Rotary meeting, and that we received about 12-15 responses as a result of the Chamber's Government Action Committee meeting.

7. Committee Closeout: Optional Meeting #7 and/or email coordination

Ms. York mentioned this is scheduled to go before Council November 9; said the poll will be launched, and it is anticipated having two or three committee members participate in that Council meeting, and she asked that committee members so interested, to please contact her. She also mentioned there might be a seventh meeting to review the final draft summary report going to Council; and said she will let people know the results of the survey as soon as possible.

8. Next Meeting: Tuesday, September 14, 2021, 1-3 pm

It was noted the purpose of the next meeting is to bring our work as a committee to a close, and to engage in final discussion and clarification. Members were encouraged to complete the member questionnaire and get that to Adam Jackson.

Ms. York thanked everyone for attending today's meeting.

The meeting adjourned at 2:46 p.m.

Respectfully submitted,
Chris Bainbridge
Spokane Valley City Clerk