

Town of Twisp Council Minutes
Special Meeting
6/9/05 7:00 PM

Meeting called to order at 7:04 PM by Mayor Jones -- Adjourned at 9:26 PM

Council members absent: Stephanie Hickman

Citizens in attendance: Sybil Macapia, Sam Hanan, Mark Edson, Jerome Thiel, and Frank Flanagan

Special Meeting to discuss the financial status of the Town of Twisp (Both current and future) and get input from the Town's Municipal Financial Consultant, Gerry Winkle

Council Member Brown led everyone in the Pledge of Allegiance.

No regular business was done at this meeting with the exception of approving the current accounts payable/past payroll and a letter written to Council from the District Fire Dept. These items will be addressed later in the meeting.

Mayor Rose Jones introduced Gerry Winkle to Council and those citizens in attendance and turned the meeting over to him.

Passed out an outline of the long range planning process for the Town that will assist in getting them through the current financial issues facing the Town and take them out into long range planning for the upcoming 5 years then the 5 to 10 years and maybe even 15 years out.

(*See council book for copy)

Clerk Dale explained the financial packet that was handed out to each of the Council Members that included:

1. Fund Balance totals through May 30
2. Assessed value of the Town's property values from 1985 through 2005
3. Project Priority List done at the first of the year by Council
4. Debt Schedule for the Town of Twisp
5. Revenue and Expense vs Budget Reports through May 30
6. Cash Flow Projections through year end
7. Fund Balances through the end of the year based on the Cash Flow Projections

Gerry mentioned that the process we went through to get to the numbers in these documents is what needs to be done on a regular basis. They should get these types of reports on a monthly basis. Additionally, once some additional reports have been created, you will be receiving some visual graphs that will give you a quick overall view on where the Town is on the main funds such as Gen Gov/Current Expense, Water/Sewer, etc.

The presentation went through various phases to get to our ultimate goal that will assist the Town in preparing for a bond issue should we decide to go that route:

1. Financial data development

2. Develop a community involvement model to provide recommendations about current and future capital needs for potential bonding
3. City and Community economic analysis database

Each of the above phases was discussed in detail and the importance behind each phase.

Discussed the importance of a good computer software system and the fact that what we have in Springbrook is excellent and we should not change it. Going forward with the Town it will already be in place to take on and do whatever the Town needs. Has worked with numerous software programs during his tenure in government and believes Springbrook is bar non the best on the market right now. Our cost of \$545 is a great price. The security factor alone makes it worth the cost. No accidentally spills, viruses, etc. can affect the system. If something should occur at our end, it can be easily restored.

We will be putting together a community advisory board to advise the Town on what projects they feel need to be done in the Town of Twisp. They may come up with something entirely different from what Council has already done. But ultimately, it will be Council who decides what the priorities will be used to promote a bond issue. Need a wide range of individuals on this committee such as Chamber, Sr. Citizen, Business Owners, Home Owner, Etc.

The reason to go forward with promoting projects right now is that municipal money is at the lowest rate it has ever been. 1, 5 Or more years from now the price of things will have escalated out of reach of the Town. . (Approx 22% increase each year) This being especially true, if interest rates go back up. Lock in certain projects now and pay for them over the next 15 to 20 years.

Once those projects have been defined, the next step is to get some estimated costs. Our engineer should be able to provide us with some fairly good numbers. Once we have the figures in place, then we would want to look at when we want to go to the voters (should the Town decide to go that way).

We could go for an authorization to sell bonds. Say for \$3 million. Then only sell the bonds as the projects begin. Not sell the entire \$3 million to begin with. By doing this, the bonds due dates are stretched out over time and will also help with cash flow.

Once the decision to go with a bond issue has been determined, then we will need to get with a bond attorney/consultant to obtain the exact costs and processes needed. (Legally what we can and cannot do.)

Market strategy will have to be developed and the target audience we will want to reach with the sale of these bonds. Can be sold locally (in smaller increments) which allows the community to purchase bonds that are non-taxed and gain 4% interest. As a bonus, they can feel they are contributing to the community in which they live. Can also go on-line and sell them or utilize a consultant who will assist with the marketing (at a cost at to the Town).

If we are interested in gathering specific information (such as demographics for the area), we could enlist the assistance of students either from the local high school or community college. They love to do these types of projects and in turn get school credits for doing so. Would provide a nice packet to give to new businesses that want to come to the area, or anyone for that matter.

Question/Answer Period Followed:

1. Can you explain the difference in the different types of bonds available?
Council Matic: (Inside Levy Bonds or Non-voted GO Bonds) The Town can issue up to 1.5% of the Town's assessed value for this type of bond. These bonds have to be paid out of the General Expense budget. We do not levy against taxes, etc. for the repayment of these bonds. Usually not utilized for "major" projects.
Voted GO Bonds: (Voted on by the property owners of Twisp) Done by the election process and becomes a proposition on the ballot. Once approved these bonds are paid out of money received via property taxes the Town received each month. These funds are specifically designated funds and have to be set in a reserve for the sole purpose of redeeming the bonds as they become due. These bonds can be done at a rate of 2.5% of the Town's assessed value. Restricted to projects that are clearly stated during the bond issue and subsequent sale of the bonds.
Revenue Bond: (Guaranteed by the revenues generated by our utilities) Have to prove to bond holders that we have enough revenue generated by the utilities to retire the bonds as they become due. Important to do a P&L (Profit and Loss Statements) on the utilities to be sure they are indeed profitable.
2. Could you explain in a bit more detail the voted on bond process?
Voted issue bonds will be sold to whomever wants to buy them. They become due in the same number issue timeline as they were sold (in numerical order). Money when paid through property taxes goes into a designated bond fund reserve and as the bonds become due, the bonds are redeemed with the money in that reserve fund. Money is assessed against the property owners over time.
3. Who qualifies as a voter?
Anyone who legally owns land within the Town of Twisp is qualified to vote on the bond issue. Not a renter, but a landowner. That includes non-resident, landowners.
4. Do you think that the demographics would help us know what kind of voter response we may receive?
Certainly once we have the packet together, we should have a clearer picture overall. Council Member Koptonak mentioned that Mayor Price had put together a "State of the Union" paper on Twisp that did explain out some of the demographics for our area. Would at least be a start.
5. Explain the kind of process the Citizens Committee should do? Their direction?
Charter would be that we would provide them with as much information as possible, i.e. the Town's priority list, etc. and then allow them to come up with what they think are the most important things for the Town to do. Their list will most likely be different from the Town's but quite often may bring something the Council didn't think about to the table and may be really important. They can present their findings as advise only. The Council has to make the final decision. The timeline and costs, etc. will be the responsibility of the Town Council and staff. The Charter (for the committee) will be written by Gerry, should the Town decide to proceed which will outline tentative timelines, etc.
6. Once the Town gets some real time data, and is able to have the Dept Heads react to the cash flow, it seems like it would be wise to get that part stabilized first before heading on toward a bond measure.
The bond issue does not happen over night. It will take months and by then all the rest of the processes should be well in hand. We're at least 6 months to a year before we are

even close to going out to a bond issue vote. The financial woes of the Town as far as reporting are now in place. The checks and balances that this system has integrated are the best; the software (Springbrook) they are using is (in my opinion) the superior product on the market today. The price the Town is paying is cheap when you cover what Springbrook is offering the Town. The financial suite, automatic backups, no cost upgrades, free support and much more. The fact that everything is offsite is a big benefit to the Town as it cannot have a cup of coffee accidentally spilled on the server, or if Town Hall burns down you can still operate from a temporary site and have not lost any of your data and not lost a beat on the day-to-day activities of the Town. But in the meantime, it is good to begin the preparation work and have all the ducks in a row.

7. While Council learns the financial processes, & a group is established to help assist with Town demographics, there will also be a community group that will come to the Town to ask for any additional data they may need, am I correct. If so, will the Town and staff have enough time/energy to be able to work through all the needs the various committees/council?

The difficulty is that if you don't do this, something is really going to cost you down the road. Even if we have to do this process in baby steps, it must be done to keep the Town viable. It is important to think futuristically and be prepared for projects that may come along. Is really a high-risk to not to do this and yes, there will undoubtedly be some impact on staff in the process. Council Member Koptonak also noted that this process is only as good as the people pushing it forward. A lot of this process may have to be done by volunteers, as staff at Town Hall is limited.

8. Isn't our staff still working only 4 days per week?
Yes, that's true.

Mayor Jones voiced her opinion on what she sees for the future and why doing this process is important to the Town. It may take us a bit of time, but it is important to continue the process, have the good reporting, know what is happening with fund balances, cash in the bank, grants, bonds, etc. and have good documentation for new elected officials or staff that should come on board down the road.

Sybil Macapia, from the Confluence Gallery, complimented us on doing whatever is necessary financially and to be transparent to anyone who should want info going forward. Additionally, how wonderful the people are in this community as far as stepping up to the plate and volunteering to assist with projects, etc. The Friends of the Pool Committee is a perfect example of that.

Council Member Koptonak noted that for all the years she has been sitting on Council and most recently on Finance Committee that the Dept. Heads are continually stating that this needs to be done or they need to purchase something and there isn't the money to do so. We are no better off now then we were four years ago, so if we don't proceed along these lines, nothing will ever be done or purchased that meet the growing needs of our Town. The Town is going to become eroded, little by little until who knows what will happen. Otherwise, we seem to take two steps forward and three steps back.

Council Member Schmekel asked those sitting in the audience what they thought about citizens being asked to sit on this type of advisory committee?

Input was given from the citizens present and additional info added by Gerry Winkle and Council. There is always the right carrot that will entice individuals to get involved.

9. Question to Gerry: What exactly do you do as a consultant to cities, etc. *Your background?
I am a financial advisor and I concentrate on municipal work. Financial counseling, insurance, spent 23 years managing the City of Kent, retired from the Kent School District, and was a state auditor. Retired at a relatively early age and have continued my education in the financial advisory area. Have been working with cities and school districts ever since. This project is a fun project for me to do and that is primarily why I am here. I have a Masters Degree from MIT in business, Accounting/Finance Degree, Securities License, 3 Insurance Licenses, and other licenses as well. I like to keep busy and enjoy what I do.

10. Are there any other strategies for Towns or Municipalities or any text cases where other small towns have become successful through doing a bond issuance? Model of revitalization? Something to use as a guide for the committee when it is formed.
There are a lot of them. We will look for something that denotes a town or community of this size and draw from that information. Must remember, however, most cities that do this are in the same boat as far as funds are concerned, that is why they did the bond issue to begin with. You, in Twisp, have some good areas left to draw to. The business/industrial park is a good example of that. You will need to find a way to draw people to the community to establish a tax base that will help the Town in the long run. There are reasons for people to come here and bring business, but you need to become more known out there.

Council Member Bushnell noted that he thinks it is important to proceed forward with this project. If we don't do it now, we may never move forward and get some major things done that need to be done in this Town. It is important for the taxpayers to know how much of an impact the additional taxes will have on them over a yearly timeframe. That will assist them in making the right decision.

Council Member Schmekel noted that it is important to put together a package that has something in it for everyone. Not a theme, but something that will speak for Twisp. Everyone knows in their hearts the importance of the Town we live in. Needs to be realistic, but broad-based. I personally feel, we should go for it and continue with the Phase II and the concept.

11. It is important when you look at things such as bond issues, or demographics to utilize information from the East side of the Washington, and not the Coast, as we are very different over here.

Absolutely, it is important to obtain the information (if possible) from the eastern side. Tax bases are much different over there. This is the focus...not over there.

Mayor Jones and Council thanked Gerry Winkle for bringing the information to Council and that they will mull everything over and get back to him before the end of the month as to how Council would like to proceed. Additionally, thank you for handling a couple issues for the Town as well: fire truck and audit report issues.

The meeting proceeded now with the payment of the bills and the final discussion regarding the letter from Don Waller.

The bills and previous payroll were briefly discussed. Motion to approve the current bills and disburse payment (subject to the availability of funds) and approve the current/past payroll was made by Council Member Koptonak and 2nd by Brown. Passed unanimously.
(See attached back up for more detail)

Letter from Don Waller was briefly discussed. It was the consensus of Council, that Mayor Jones should contact the Town attorney for advice, and then respond to Don based on his advice.

Meeting adjourned at 10:02 PM

Attest: _____

Clerk – Barbara G. Dale

Mayor Rosemary Jones