

**CITY OF KALAMA
CITY COUNCIL
SPECIAL MEETING
AUGUST 12, 2009**

Mayor Pete Poulsen opened the special meeting of the Kalama City Council at 6:04 pm. Councilmembers present were Adam Smee, Chuck Hutchinson, and Don Purvis. Councilmembers Dominic Ciancibelli and Bud Gish were absent. City staff present were Director of Public Works Carl McCrary and Clerk/Treasurer Coni McMaster. There was no one in the audience.

SIX-YEAR TRANSPORTATION IMPROVEMENT PLAN FOR 2009-2014 – AMENDMENT

Director of Public Works Carl McCrary explained that at the last City Council meeting he had presented the wrong plan to be amended for the funding for the North First Street Improvement project as the project is being done this year and not in 2010. So this will amend the correct plan to include the additional funding from RSTP. Clerk/Treasurer Coni McMaster read Resolution No. 536 by Title.

WHEREAS, pursuant to the requirements of R.C.W. 35.77.010, Laws of the State of Washington, the City of Kalama has prepared a revised and extended Six Year Transportation Improvement Program for the ensuing six calendar years, 2009 through 2014.

Councilmember Chuck Hutchinson made a motion the City Council adopt Resolution No. 536 as read by the City Clerk. Councilmember Adam Smee seconded, and the motion carried.

USDA-RURAL DEVELOPMENT GRANT/LOAN FUNDING – GREEN MOUNTAIN RESERVOIR PROJECT

Mayor Poulsen asked the Councilmembers if they had reviewed the materials. USDA is offering the City a funding package of \$276,000 grant and \$597,000 loan to complete this project. To keep the application continuing through the process, they require documents be signed that the City plans to accept the funding package. Mayor Poulsen read some comments from Councilmember Dominic Ciancibelli who was not able to attend the meeting this evening.

Councilmember Ciancibelli has concerns with being pushed with a deadline to make a decision without being able to hear from the residents that would be affected by the project or could have to pay for it. He also questions why the 10,000 gallon tank needs to be expanded to a 120,000 gallons. He doesn't see any growth happening in the area in the immediate future. He added that he thinks with the economy, this is not the time for the City to do this.

Councilmember Chuck Hutchinson asked about the Davis/Bacon and Buy American

regulations. Clerk/Treasurer Coni McMaster explained that the funding package that is being offered does NOT require the City to meet these regulations. The Davis/Bacon Act relates to the federal prevailing wage requirements, while Buy American is a requirement to purchase as much as possible of the materials and supplies for the project from American producers. Both can add costs to a project. Councilmember Hutchinson also noted that the City will pay over one million dollars over the life of the loan.

Councilmember Adam Smee asked how long the new reservoir would last since this would be a 40 year loan term. Mr. McCrary noted the reservoir would last 50 years or more. Mayor Poulsen noted that even though we would be paying off some existing loans in the next few years, there would still be the gap in between that is concerning. He also asked why the new reservoir was to be 120,000 gallons. He does understand the need for improving the system, but feels the City has enough debt at this time. He is not sure it is fair in this economy to raise rates further to cover the costs.

Councilmember Don Purvis asked that if this funding was not available, where would this project be on the list of priorities? Mr. McCrary indicated this project is number one. It was asked about the reservoir "not being in compliance" with Department of Health regulations. Mr. McCrary stated that there are no orders for the City to do any improvements to the City's system at this time. He continued that he has concerns with possible health issues as during hot weather, the reservoir has been low. This could result in the residents being without water at some point for an unknown amount of time. This reservoir also helps to fill the Agate Mountain Reservoir but feeds area residents as well.

Councilmember Purvis asked what compliance regulations will the City face in the next 5 to 10 years? Mr. McCrary noted that they are already doing the disinfection byproducts testing that will be required by the State so they have a waiver for that in place. He does believe the City will need to address an iron problem, but he hopes this can be accomplished with flushing.

Mr. McCrary explained that when the stimulus funding applications were submitted it was not known what kind of funding it would be; grant or loans. The application for the 120,000 gallon reservoir is due to the lack of storage available in the area. Mr. McCrary explained that he wants the larger storage so that it would be possible to back feed into the whole Cloverdale area if necessary. He noted that should the City take the funding they would have to use the loan funding first prior to the grant monies. He is in favor of accepting the funding package. He noted that until the last couple of years the City has had lots of connection fees coming in which are to be used for construction. He believes the City will see additional growth to help pay for this. Also he has concerns that when the recession is over inflation will kick in and substantially increase the cost of the project. He understands the Council's dilemma. There was discussion of the possible future growth, but that this is an unknown and would be a gamble to count on.

Mayor Poulsen noted that it is purely an economic issue for him. He too wondered how the 91 homes being served by the reservoir would feel about a rate increase to fund the project. This is difficult since these customers are not even residents of the City that

the Council represents. There was discussion about having all the rate payers paying for something that they don't all use. It is really difficult to have to make a decision without more time. All the Councilmembers were not comfortable with being rushed into making a decision. Mr. McCrary stated that he works on the weakest link theory. Fix those so that the City can avoid future problems. The two weakest areas in the system are the Lower Green Mountain Reservoir and the Gore Road Reservoir. There was discussion on how to possibly do the project for less money, but there is still a question of where the funding may come from without a loan.

After much discussion all the Councilmembers voiced their understanding of the need for the project, but felt that the City could not take on the additional debt at this time. Councilmember Chuck Hutchinson made a motion the City reject the funding opportunity of the loan offered by USDA. Councilmember Adam Smee seconded, and the motion carried.

Director of Public Works Carl McCrary stated that he will continue to look for funding opportunities and hopefully find a better deal in the future. Mayor Poulsen also noted that this may be the time to open up a dialog with the water customers outside the City limits and get their input on what is needed to keep the system operating and the costs for doing so.

Mayor Poulsen adjourned the meeting at 6:44 pm. These minutes are not verbatim. A copy of the tape can be made available for listening.

Pete Poulsen - Mayor

Coni McMaster - Clerk/Treasurer