

**CITY OF KALAMA
CITY COUNCIL MEETING
NOVEMBER 4, 2009**

1. OPENING

Mayor Pete Poulsen opened the City Council meeting at 7:00 p.m. Mayor Poulsen led those present in the Pledge of Allegiance.

Councilmembers present were Adam Smee, Dominic Ciancibelli, Chuck Hutchinson, Don Purvis, and Bud Gish. City staff present were Director of Public Works Carl McCrary, Clerk/Treasurer Coni McMaster, and Police Chief Bruce Hall. Members of the public present are listed on the sign-in sheet.

2. EXECUTIVE SESSION - None

3. CHANGES TO THE AGENDA - None

4. PRESENTATIONS & AWARDS - None

5. PUBLIC HEARINGS

A. 2010 Revenues – Fees, Rates, and Property Tax Levy

Mayor Pete Poulsen opened the public hearing at 7:02 pm. Clerk/Treasurer Coni McMaster provided a power point presentation with an overview of the increases to revenues the City is proposing. The City is proposing to raise property taxes the legal limit of 1%, increase certain license and development fees, to increase the Industrial water connection fees to the same as the current residential fees, and increase water rates 4% and sewer rates 7%. The City has experienced increases to its operating costs and expenditures, plus its debt obligations make the rate increases necessary. It was explained what services are provided for the tax dollars the City receives. Information was included which described the water and sewer systems including what the most urgent needs are and the estimated costs for making improvements. The presentation included estimated utility bills showing what the increases would mean in dollars to the average customer. During the presentation there were several questions from the public, and those discussions are included below.

Susan Langham, of Columbia Terrace Estates manufactured home park (CTE), asked who the loans are paid to. The City has loans outstanding to the Public Works Trust Fund and State Dept. of Ecology for water and sewer. These loans have interest rates from 0 to 4%. There is a loan from the County that was used for Phase 1 of the Downtown Street Improvements and two loans for police vehicles. After the presentation, Ms. Langham pointed out that many residents of CTE are on very fixed incomes and currently struggling. Any increase will hurt. She wants the Council to be aware of the seriousness of the choices being made.

David Ellertson of 58 Nimmo Road stated that he does not live in the City but does

receive and pay for water services. He and many other non-residents have concerns with paying for more than their share. Kalama has a unique system in that it serves many residents outside its city limits. But those outside residents should not be paying for things they don't receive or use. Mayor Poulsen explained that the rates outside are higher due to the amount of infrastructure improvements that have been and will be required to maintain the system in that area since it is over 50 years old and undersized to meet the needs for services and fire flow. Mr. Ellertson added the rates are already too high and he really doesn't like it. Mayor Poulsen pointed out that the rate increases being proposed are to be used toward the debt and maintaining the status quo. He fully understands how it hurts. He and the Council pay the rates too, plus his family all let him know. The City does all it can to look for grants. He informed the audience how the Council had turned down a grant/loan funding package for replacing the Green Mountain Reservoir as it would have required taking on more debt that they don't feel the City and its citizens can handle. The development that had occurred in the recent past had helped to bolster the reserves, but since there is nearly no development occurring now, that help is not there. Developers are also required in most cases to make upgrades to the existing system in order to be able to add service areas. The new plants were mandated by the state. Five years ago when the City knew it would be building a new sewer plant, the fact that these rate increases would be needed was discussed. This is not something the Council just decided to do. There will probably be rate hikes in the next three years.

Marrene Jenkins of 650 Taylor Road asked what the difference in the rates for inside and outside is. Residents outside the City pay 185% of the inside rate. Ms. Jenkins also noted that it is helpful to get information about things happening on the new full page utility bills. In discussing how the City's tax dollars are spent, Ms. Jenkins asked why the taxes were needed to cover building and planning since permit fees are charged. It was explained that while the fees are charged and do cover most of the costs for administering, there are certain internal activities that are not covered, such as city code updates, nuisance complaints and future planning items.

Mr. Mike Langham a CTE resident, asked about the ratio of costs of sewer to water. Sewer averages out to be 3 times what the water is. Mr. Langham stated that not all of his water goes into the sewer such as when he waters his lawn, so he shouldn't be charged for it. It was explained that the City has a summer sewer rate which averages the winter usage and keeps the summer sewer charges from going more than 10% over the average winter charges. Mr. Langham asked about metering the sewers. This is an interesting idea, but would be difficult and expensive for the City to implement.

Mr. Dan Ohall asked about the cost of improvements and the possibility of stockpiling materials, noting that the estimates are completed at today's dollar. Inflation will drive the cost up in the future. This is a difficult decision for the City, on whether to spend money for the future. There are also state regulations on bidding projects that the City has to comply with that would prevent stockpiling.

In looking at the sample utility bills which included garbage, Kalama citizen Jim Dickey asked if garbage would be increasing as well. It was noted that the City contracts for its

garbage services with Waste Control who is regulated by the Utilities Commission. They have applied for a rate increase, but nothing has been set yet. County residents with garbage service have received letters indicating that the increase would be approximately \$1 per month. If Waste Control does increase its rates to the City, the City will be required to increase their rates as well. Mr. Dickey also pointed out that if the citizens were to attend some of the Council meetings, they would have a better idea of all the efforts the City staff and Council make in trying to find ways to cut and save money. Mr. Jerry Reuter added late in the meeting that while he doesn't attend the Council meetings, he does read the minutes on the website which reflect just that.

Tom Henderson a CTE resident asked about the utility taxes the City charges. He wanted to know how it was right for the City to charge taxes on the fees it charges. The taxes were put in place 25 years ago and they are allowable under the state law. He added that the citizen's bucket is empty too.

Director of Public Works Carl McCrary offered to work with a committee to research whether there might be a way for some of the low income residents of CTE to be eligible for the low income discount. The residents are not directly billed by the City; only the park is as a commercial account. As a commercial account the park is not eligible for any discounts. Councilmember Dominic Ciancibelli agreed to work with the Committee.

During the hearing the Mayor and Councilmembers addressed the citizens' concerns and offered information on the City's operations, needs, history and their concerns for the future of the community. The City doesn't like having to raise the water/sewer rates, but finds it necessary to meet its obligations. The staff works hard to find outside funding, such as the grants for the current downtown project and the \$4.6 million in grants it has received in previous years. The City still needs to have reserves as match for these grants, so it has to maintain a certain amount for reserve. In looking at how to raise the rates, it was decided that raising the flat rate would be the easiest for the citizens to budget for rather than the usage charges. The City crew is much more than just a maintenance crew. They do as many of the smaller improvement projects that the law will allow the City to let them do. This keeps the costs lower as any project put out to bid has to be at prevailing wages. The Library and Police Department also are applying for and receiving grants whenever possible. The City has lost 22 businesses in the last year, including three to fires. The City tries to cut costs as much as it can, such as buying a used police vehicle instead of new. The Council cares and knows that the citizens care too. They would like to see citizens come more often to the Council meetings. They want to hear what the citizens are thinking and want for the community. It was also noted that with the defeat of I-1033, the City will not face the very serious issues that it feared had this passed.

Mayor Poulsen noted that he and the staff will be working on cuts to the 2010 proposed budget so it is balanced when it is presented to the public. The pressure of the current economy is taking its toll everywhere. He and the Council wish there were other options. He closed the hearing at 8:45 pm.

6. PUBLIC COMMENTS/CONCERNS – None

7. UNFINISHED BUSINESS

A. Award Sauer Road Waterline Replacement Project and Authorize Mayor to Sign

Director of Public Works Carl McCrary explained the two schedules for the project. Schedule A is for the original 1500 feet of waterline the City planned to replace which has had numerous leaks including during the storms last winter. Schedule B would do an additional 270 feet plus add valves further up the road. This would be advantageous for future improvements. Mr. McCrary stated that his first recommendation was to do both schedules, but after looking at what it would take from the reserves and weighing the options, he is revising the recommendation to do only Schedule A. Kalama resident Jim Dickey asked if either the engineers or the City had experience with the companies that could receive the award. Neither company has worked with Kalama before and there have been some references checks done. It was noted that the City is required by State law to take the lowest responsible bid, so they have to rely on the construction management and inspectors to monitor the job. *Councilmember Don Purvis made a motion the City Council award the contract and authorize the Mayor to sign the contract with Northfork Excavating to install the Sauer Road waterline schedule A for \$83,363.10 contingent upon USDA Rural Development approval.*

Councilmember Bud Gish seconded, and the motion carried.

B. Authorize Mayor to Sign Engineering Addendum for Sauer Rd. Construction Management

Councilmember Adam Smee made a motion the City Council authorize the Mayor to sign Amendment No. 5 to the 2009-2010 General Engineering Contract with Gray & Osborne for Construction Management of the Sauer Road Waterline Replacement Project for an amount not to exceed \$17,900. Councilmember Dominic Ciancibelli seconded, and the motion carried.

8. NEW BUSINESS

A. Change to Bank Account – From Money Market to Regular Checking

Clerk/Treasurer Coni McMaster explained that the City uses warrants instead of regular checks which means that the banks handle them differently than private checks, as they are processed through accounts. This creates a negative account balance, which the Bank's auditors do not approve of. The City also has a money market account instead of a regular checking account which provides a better interest rate, but it also has limitations on transactions in the account. These two factors, along with needing to be able to do more electronic transactions in the near future as the City transitions to bimonthly payroll, make it necessary for the City to change the type of account it has. The City was receiving over 1% in interest on the money market, but a business checking account will only receive a quarter of a

percent. Since the City is a good customer with a large holding, the Bank has agreed to add a half of a percent to the current interest rate which will give the City .76% on the new account. Ms. McMaster is asking for Council approval to make this change. *Councilmember Bud Gish made a motion to authorize the Mayor and staff to take the steps necessary to change the City's checking account from a Money Market to a regular business checking. Councilmember Don Purvis seconded, and the motion carried.*

9. ORDINANCES & RESOLUTIONS

- A. Resolution No. 537** - A Resolution of the City of Kalama, Washington declaring a 2001 police Crown Victoria and certain office furniture and equipment belonging to the city surplus and authorizing disposal in the City of Kalama's best interest.

Resolution No. 537 was read by title. It was noted all items would be sold "AS IS." *Councilmember Bud Gish made a motion the City adopt Resolution No. 537 as read by the City Clerk. Councilmember Adam Smee seconded, and the motion carried.*

10. CORRESPONDENCE

- A. Letters on Police Donation – Merle Prouty**

11. MAYOR'S REPORT & COUNCILMEMBERS' REPORTS

- A.** Mayor Pete Poulsen had no report.
- B.** Councilmember Adam Smee had no report.
- C.** Councilmember Dominic Ciancibelli had no report.
- D.** Councilmember Chuck Hutchinson had no report.
- E.** Councilmember Donald Purvis reported the Library had a successful benefit with a local citizen showing and donating his photography of the Kalama area.
- F.** Councilmember Bud Gish had no report.

12. DEPARTMENT REPORTS

A. Director of Public Works Carl McCrary presented his written report. He noted they had used the Department of Corrections crew to help clear brush out at the Water Plant. This is done manually so as to keep chemicals away from the City's water source. Mr. McCrary informed the Council of and invited them to attend the pre-construction meeting on the Reservoir Ceiling painting project which will be held at 10 am tomorrow morning here at City Hall. For the benefit of the audience he explained that due to a paint failure at the 2-million gallon reservoir the City is having to repaint the interior ceiling.

B. Police Chief Bruce Hall noted the \$100 donation under correspondence. He added that fire investigation is continuing and should be close to completion by Friday. The fire at Kimmi's and the Good Day Market next door to City Hall did start in the kitchen area, but that is all the information he had at this time.

C. Clerk/Treasurer Coni McMaster reported 2010 Budget work has been keeping her busy.

D. City Attorney Paul Brachvogel was absent.

13. CONSENT AGENDA

Councilmember Bud Gish made a motion the City Council approve the Consent Agenda including Claims Vouchers Totaling \$154,450.59, Payroll Vouchers totaling \$114,653.78, the City Council minutes of October 21, 2009, and setting Public Hearings on the 2010 Budget and Capital Facilities Plan for November 18, 2009 and December 4, 2009 at 7pm. Councilmember Don Purvis seconded, and the motion carried with Councilmember Chuck Hutchinson abstaining.

14. EXECUTIVE SESSION - None

15. ADJOURNMENT

Mayor Poulsen adjourned the meeting at 9:18 p.m. These minutes are not verbatim. A copy of the tape can be made available for listening.

Pete Poulsen - Mayor

Coni McMaster - Clerk/Treasurer