

**CITY OF KALAMA
CITY COUNCIL MEETING
JULY 6, 2011**

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 Acting Police Chief Steve Parker. City Attorney Paul Brachvogel was also present. 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 - None

6. PUBLIC COMMENTS/CONCERNS - None

7. UNFINISHED BUSINESS - None

8. NEW BUSINESS

A. Water/Sewer - To Raise Rates or Not

Clerk/Treasurer Coni McMaster presented the Council with information on the financial condition of the water and sewer reserves. Over the last five years the City has not seen the growth in its reserves and now finds it has little on hand for improvement projects or emergency. The water revenues have only increased 1% in the last five years in spite of two rate increases, due in part to the annexation which reduced rates to those residences on Meeker Drive. The water reserves are holding their own currently. Each water project done will deplete reserves as the funds are not being built up with the current rates and the 85% decrease in connection fees. Sewer has seen a 33% increase in revenues, which has gone to reserves to help pay the debt on the new plant. Back when the plant was first planned, it was the recommendation of engineers that rate increases be made in each of the next 5 to 6 years. Increases were implemented but only about every other year. With the 60% decline in sewer connection fees, the City has not built the reserves to a point where they can sustain the loan payments and cover any emergency improvements. At this time it appears the reserve used for debt service could be depleted in the next two years. It was also noted that the loan reserve fund required in the loan agreement does not cover a full annual payment and should be built up. Also, the I&I reserve is only at \$250,000 and are the only funds available for emergency projects.

Mayor Poulsen noted that the City is still recovering from the past

when there was no future planning for infrastructure replacement. It is unfortunate to have to raise rates, but how do we pay the debt and save for the future if we don't. These are hard economic times, but the City has worked hard to stabilize and keep expenditures down. Mayor Poulsen noted that he looks at the City as co-op with the citizens having to do their part as well. Director of Public Works Carl McCrary noted there are two opportunities coming for the City to complete two much needed projects. The Port will be doing stormwater work in the area by RSG and Gram Lumber where the City has the old water line in great need of replacement. The City may be able to work in the same trench which would save on costs. Also Kalama Telephone will be laying line along Cloverdale Road from Vincent to Green Mountain Road where we also need to replace undersized water lines. Hopefully we could work with them. Councilmember Adam Smee requested that rate comparisons for the local cities be included in future information. Councilmember Chuck Hutchinson noted that current residents are paying for the current infrastructure and also paying for the future improvements. This is hard to take, but is needed to be done. Mayor Poulsen noted that if we can't sustain what we have and pay the bills, then we will have to cut back. The Council requested more information on rate projections, including what would happen if there were an increase of 5% in users on the system. Also requested was information on what the costs are outside versus inside the City. Mr. Jim Dickey, Kalama citizen, noted that with the economy as it is, now would not be a good time to build reserves. That should be done in good times. He can't imagine an incident that would break the City. He added that we need to keep in mind what the effects the possible annexation of the Port property would be. The staff will work on the information and bring it back in August.

9. ORDINANCES & RESOLUTIONS - None

10. CORRESPONDENCE

A. Letter from Washington Department of Ecology

Mayor Pete Poulsen commended the Sewer Treatment Plant Operators, Rich Smith and Butch Owen, who have consistently received performance awards. This one is for 2010. Kalama is one of 104 cities out of 300 that received this award.

B. Letter of Request for Street Closure for Kalama Fair Parade

11. MAYOR'S REPORT & COUNCILMEMBERS' REPORTS

A. Mayor Pete Poulsen reported that at a recent COG meeting held in Cathlamet he saw what a great little community Cathlamet is. They have made some major improvements to draw people in and have all kinds of weekend events. Mayor Poulsen also informed the Council that the City has received 22 applications for the Police Chief position.

B. Councilmember Adam Smee had no report.

C. Councilmember Dominic Ciancibelli had no report.

D. Councilmember Chuck Hutchinson asked if the City gets very many complaints at the front counter. Clerk/Treasurer Coni McMaster stated that yes they receive some complaints, and there are those that come every few months with the same complaints. What the staff does hear are a lot of great comments about how nice the downtown looks from both residents and tourists. She noted the recent email that was forwarded from the Chamber regarding the incident where citizens here helped a tourist with a disabled vehicle. That person will return to Kalama as often as possible because of this. This is what makes Kalama a great community.

E. Councilmember Donald Purvis reported that the State has abandoned all tourism funding so we will have to work with the County and other sources in the future.

F. Councilmember Bud Gish had no report.

12. DEPARTMENT REPORTS

A. Director of Public Works Carl McCrary presented a written report.

B. Acting Police Chief Steve Parker reported he had reviewed some of the applications for the Chief position. He noted that Officer Justin Taylor will be going to the Academy later in the month for a one-day session. He will then complete the course work on-line. He will then go back for a couple of days of testing in September. This will save the City on costs for travel. Sgt. Parker informed the Council that he is scheduled to go to Texas the first week of August for training with a new dog.

C. Clerk/Treasurer Coni McMaster provided a 2nd Quarter Treasurer's Report to the Council. She added that the Library is now connected to the internet through Kalama Telephone's broadband, as the K-20 has become too expensive. The finance staff is preparing for the new utility software, which we hope to receive in September. It will be run parallel with the current system for a few months. Ms. McMaster noted the three corner hats around the Council Chamber which are from a 5th grade class project. The City was asked to display them.

D. City Attorney Paul Brachvogel had no report.

13. CONSENT AGENDA

Councilmember Bud Gish made a motion the City Council approve the Consent Agenda including Claims Vouchers Totaling \$65,478.62, Payroll Vouchers totaling \$68,454.32, and the City Council minutes of June 15, 2011. Councilmember Don Purvis seconded, and the motion carried.

14. EXECUTIVE SESSION

At 8:10 pm, Mayor Pete Poulsen announced the Council would be going into executive session for ten minutes to discuss a potential litigation issue. The meeting resumed at 8:20 pm.

15. ADJOURNMENT

Mayor Poulsen adjourned the meeting at 8:21 pm. These minutes are not verbatim. A

copy of the tape can be made available for listening.

Pete Poulsen - Mayor

Coni McMaster - Clerk/Treasurer