

**CITY OF KALAMA
CITY COUNCIL MEETING
AUGUST 17, 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 (arrived 7:04 p.m.), 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

A. Outstanding Performance Award - Kalama's Wastewater Plant

Mayor Poulsen read the letter from Department of Ecology presenting an Outstanding Performance Award to Kalama's Wastewater Treatment Plant and its operators, Richard Smith and Butch Owen. Director of Public Works Carl McCrary then presented both Rich and Butch with a plaque noting what a great job they do. Rich Smith noted that it is a team effort which includes the rest of the City crew. The Council congratulated them both.

5. PUBLIC HEARINGS - None

6. PUBLIC COMMENTS/CONCERNS - None

7. UNFINISHED BUSINESS

A. Elm Street Beautification & Mural Phase 1 - Supplement Agreement

Director of Public Works Carl McCrary explained the construction drawings have been approved by Washington Department of Transportation. This supplement finalizes the funding for the rest of the engineering and the construction. Councilmember Dominic Ciancibelli asked if there is any contingency built in. The grant funding for the project is a total of \$52, 250. Mr. McCrary indicated that this is a very tight budget, and there may have to be some reductions made if the bids come in high. He noted that since most of the work is to be done above ground, the chances of large change orders are unlikely. Councilmember Adam Smee made a motion the City Council authorizes the Mayor to sign Supplement No. 1 for the Elm Street project. Councilmember Chuck Hutchinson seconded, and the motion carried.

B. Water-Sewer Rate Increase Information

Clerk/Treasurer Coni McMaster provided information to the Council on the needs for water and sewer rate increases. The information included an overview of what the engineers recommended for sewer rate increases back in 2003, what increases the City has implemented over time for both water and sewer, how the reserves have slowly been reduced by projects and loan obligations, and the estimated revenues and expenditures for 2011. The information included 3 options for rate increases. Based upon the projected expenditures and the loan obligations, the current projected revenues are not sufficient to cover them, therefore creating an urgent need to raise rates. The three options for rate increases are:

1. A small rate increase 4.6% for water and 5% for sewer
2. An increase of 16.4% for water and 22% for sewer
3. An increase of 16.8 % for water and 25% for sewer

Option one is not sufficient to meet the expected expenditures. It will take at least option two to meet the City's needs. These are very substantial increases, and the Council voiced their concerns over how they can enact them. Mayor Poulsen noted that the City had hoped for more growth to help when they implemented smaller than the recommended increases. The economy has not provided that growth, and now the City faces larger rate increases. He noted that it can't all be done on rates. There will be no projects budgeted in the next year. We will need to tighten our belts. Councilmember Adam Smee noted that with these kinds of rates the City will need to implement monthly billing as to help people pay them. It was noted that the requirements and desire for clean water for drinking and what is returned to the rivers has required the improvements leading to the increase in rates. One other piece of information provided was a comparison of rates from the neighboring cities. Kalama is in the middle right now, but these will make their rates one of the highest.

Councilmember Chuck Hutchinson noted that as a landlord, he finds that these rates often force tenants to leave as they can't afford them. Rents in the area have not been increased for several years due to the economy even though costs to the landlords have increased.

It is challenging. People leaving or taking more measures to conserve water usage will also have an affect. It could create a need to further raise rates. This may have to be addressed through cutbacks in expenses. It was noted that whether the citizens are billed monthly or bimonthly they will still feel the increases.

All of the City's debt is at very low interest rates, including the largest loan which is at 0%. It was suggested that the City look at possibly extending the loans out further to reduce the annual payment amounts. This could require interest increases, but it is something that can be checked out. There was some discussion on how the lack of growth may have an effect on the life of the sewer plant, or what affect the proposed annexation north of town will have. Lack of growth could extend the life of the plant a small amount. The

development of the property north of town in at least 10 years out if you look at the current economy. Councilmember Adam Smee had asked for an idea of what 5% growth would do for the rates. Ms. McMaster noted there are many variables. Using only inside residential it could be about \$50,000 a year. For both inside and outside residential it could be \$70,000.

Mayor Poulsen and all the Council noted it will be very difficult to implement these kinds of rate increases. The bottom line comes down to the City having to pay the bills. Councilmember Dominic Ciancibelli stated that if the City somehow ends up with an excess, then they could reduce rates in the future. Mayor Poulsen noted the City will need to cover its operating costs and have some contingency for addressing the unexpected needs of the system. During the discussion it was noted that the lack of connection fees has been a factor. What connection fees the City has received have gone to the reserves, but have been used to cover the loan obligations in recent years. Director of Public Works Carl McCrary also noted that the weather also plays into the water revenues. This year water production is down since there has been little hot weather. Mayor Poulsen stated this is information to be used during the budget preparation, and nothing is to be decided tonight.

8. NEW BUSINESS - None

9. ORDINANCES & RESOLUTIONS

A. Ordinance No. 1275 - 2011 Budget and Capital Facilities Plan Amendment for Eighth Street and City Facility Light Replacement.

Clerk/Treasurer Coni McMaster read Ordinance No. 1275 by title. Councilmember Chuck Hutchinson made a motion the City Council accept Ordinance No. 1275 as read. Councilmember Don Purvis seconded. It was explained this amends the budget to include the urgent repairs to Eighth Street which will be taken from the street reserves. The light replacements have been mostly covered by the rebates we received back from Cowlitz PUD. The motion carried.

B Ordinance No. 1276 - Adopting 2009 International Building Codes

Clerk/Treasurer Coni McMaster read Ordinance No. 1276 by title. Councilmember Bud Gish made a motion the City Council adopt Ordinance No. 1276 as read. Councilmember Don Purvis seconded. Councilmember Dominic Ciancibelli asked why the City was passing this so late. Ms. McMaster responded that it was somehow overlooked. It was noted this is the City building code which is enforced by the City's Building Department. The motion carried.

10. CORRESPONDENCE - None

11. MAYOR'S REPORT & COUNCILMEMBERS' REPORTS

A. Mayor Pete Poulsen reported on the interview process for the Police Chief position. The City had four very qualified candidates from Washington, Oregon, Missouri, and Illinois. Last Thursday a reception was held with the public invited, and then interview panels met on Friday. There was a citizens' panel led by Councilmember Adam Smee, a panel of the City Department heads and Mayor Poulsen and Greg Prothman were the third. It was a very interesting process. The most amazing thing came when all the groups came together to discuss their findings. The top two were the same for all. When asked to choose, the majority also picked the same candidate. Then the questionnaires from the public meeting were reviewed, and they were also supportive of the same candidate. This candidate and his wife also expressed great interest in coming here to stay. Once the background check has been completed, there will be a formal announcement of the new Chief.

B. Councilmember Adam Smee commented that it was a great process. He was impressed with the members of the citizens' panel. He noted that the candidates also indicated they were surprised and impressed. He also noted that Prothman did a wonderful job in selecting the candidates.

C. Councilmember Dominic Ciancibelli reported he had provided the information from the last Council meeting to City Planner Matt Hermen. He noted the design code would soon be ready for public hearing.

D. Councilmember Chuck Hutchinson reported he thought the reception at the Community Building was well attended and was pleased with the forum. He noted he had attended the last Planning Commission meeting where several members of the public voiced their concerns that the new design code was going to be too stringent. At that meeting he pointed out that if there is no code in place regulating what can be done, then just anything can happen. The City would not have a way to address something that would be unwanted. The code can be changed through a regular process, if it is found to be unreasonable.

E. Councilmember Donald Purvis reported that today the City had provided all the Chamber members with a copy of the design standards along with a brochure explaining the requirements.

F. Councilmember Bud Gish had no report.

12. DEPARTMENT REPORTS

A. Director of Public Works Carl McCrary presented a written report. He explained to the Council how he will be handling the repairs to Eighth Street. He had looked at having the street fixed by grinding the asphalt, but this would be too costly. So the City will hire an excavator to tear up the old asphalt, with the City crew hauling it away. The City will bring in rock and gravel, and then work with the County to have it graded and compacted. Through the County's bid, they will have Lakeside then pave the street. Mr. McCrary noted he believes this will get the job done most efficiently.

B. Acting Police Chief Steve Parker reported he was in Texas for training with the new dog. Her name is Amy, and she is outside if anyone wants to meet her. She is young at only 14 months, but is very intelligent. The training went well and was shorter than anticipated.

C. Clerk/Treasurer Coni McMaster reported she was beginning the work on the 2012 budget information. She added that the Planning Commission has scheduled the public hearing on the design standards for September 20, 2011. Citizen Jim Dickey commented that while attending the reception last week he found the Community Building to be a great place. Carl noted the two sides of the building had been recently power washed and painted by members of the Riverview Church who use the building.

D. City Attorney Paul Brachvogel stated he would have a new nuisance code for adoption at the next meeting.

13. CONSENT AGENDA

Councilmember Bud Gish made a motion the City Council approve the Consent Agenda including Claims Vouchers Totaling \$69,526.67, Payroll Vouchers totaling \$46,714.69, and the City Council minutes of August 3, 2011. Councilmember Adam Smee seconded, and the motion carried.

14. EXECUTIVE SESSION - None

15. ADJOURNMENT

Mayor Poulsen adjourned the meeting at 8:28 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