

**CITY OF KALAMA
CITY COUNCIL MEETING
OCTOBER 1, 2014**

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 Mike Truesdell, Dominic Ciancibelli, Mike Dennis Langham, Don Purvis, and Mary Putka. City staff present were City Administrator Adam Smee, Superintendent of Public Works Kelly Rasmussen, Clerk/Treasurer Coni McMaster, and Police Chief Randy Gibson. City Attorney Paul Brachvogel was also in attendance. 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. Proposed Purchase of the Heritage Bank Building

Mayor Poulsen opened the public hearing at 7:03 p.m. City Administrator Adam Smee explained the City is considering the purchase of the Heritage Bank Building and applying for Rural Development funding to cover the purchase and also renovation costs. When the purchase was initially considered, the thought was to relocate the Library to the bank building. After an assessment of the building found that the occupancy classification would be changed to move Library there, which would require extensive renovations to the structure at a very high cost, thoughts changed to moving the Administrative offices to the bank site and allow the Library to open some additional spaces up in the existing building. The admin offices don't require a change to the occupancy class and could move in with little renovations. The Council Chambers would remain at the current site. The need for space has long been an issue and the moving of either use would offer some solutions. The application for financing has been submitted and is being reviewed by Rural Development. The Bank owners have requested closing by November 1st so we are on a fast track.

Mr. Dan Ohall, 235 Eli Avery, stated it sounds like a good plan. He did ask if the City has considered all the future operational costs that will be a part of owning the building and the costs for modifications. With rates where they are and future rate increases expected, he hopes the City would not be adding burdens to the citizens. Administrator Smee assured him this had been a part of many discussions. The Library budget will incur some added costs to take over the current City Hall spaces as well as operating costs on the new building. It will be a challenge but should be manageable. The financing request includes funds for improvements. He continued that he believes it would be a wise to move into the bank building and use it for a period of time as is, before deciding on the renovations it needs. This should allow for less money to be spent on design as we can discover what will work by

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operating in the space.

Mayor Poulsen stated that he and the staff have always been fiscally conservative and careful with the City funds. The need for more space or a new building has been discussed for many years. Purchasing the bank building is also a way to help the community by not having it empty in the downtown, and it provides a very viable option for the City to expand. The facility offers the ability to meet some requests from the state auditor that can't be met in the current space, and the upper floor offers space for future needs. Clerk/Treasurer Coni McMaster stated that she was concerned about being able to meet and sustain the added costs, but looking at the needs now and in the future, this is an opportunity the city needs to consider, which includes committing funds to sustain the operational costs. The administrative fees charged to water and sewer are based on staffing levels which will not be changing, so this purchase would not be a factor in future utility rate increases. Councilmember Don Purvis asked if the costs would have any effects on future pay increases for personnel since contract negotiations will be coming up shortly. Administrator Smee assured him this has been considered in the budget process. Councilmember Dominic Ciancibelli noted that the bank space is very well suited for the admin offices. He added that using an existing building helps control costs since the City is required to pay prevailing wages when they build adding to costs. Since the bank building is on of historical significance to Kalama, the City will also be able to preserve that for the community.

Mayor Poulsen noted that he wished more of the public had taken an interest in this process. He closed the hearing at 7:28 p.m.

6. PUBLIC COMMENTS/CONCERNS - None

7. UNFINISHED BUSINESS- None

8. NEW BUSINESS

A. Water/Sewer Rate Study – Expectations

City Administrator Adam Smee noted the City sent out a request for proposals for a water/sewer rate study and have received four proposals which cover all levels of expertise and experience. With costs for operations continuing to increase, without regard to personnel costs, and as exemplified by the recent rate increases in neighboring cities, the City needs to be very serious about our needs. The proposal that was sent requests everything possible and the responses show different levels of expertise, understanding, and presentation which are reflected in the costs. With that in mind, he would like to know what the Council expects to get from the study and if they are willing to accept the public response should large increases be necessary. Do we just want the basics where we look at the operating costs, debt payments, and savings for future maintenance or do we want a deeper look at what the costs of providing the services over our very large system are and the areas that are more costly versus those that are not and allocate the rates accordingly. A professional rate study has never been completed, but it has been noted every year at budget time that the sewer rates need to be increased to cover the debt service from the mandated sewer plant improvements. Past Councils have taken the "human" element into consideration

and put off rate increases as the economy was not well and people were struggling. This has caused the City to use reserves for debt service which is not sustainable. One idea would be to look at flat rates for sewer based on type of usage – residential, commercial or industrial. The study will show those needs and the increases may be substantial, so the Council can expect to get phone calls. The level of information the Council wants will drive the kind of study the City needs to do and that in turn will affect the cost. Do we want to look at changing rate structures? What should the structure be to meet the needs now and in the future? Depending upon the depth of the study, these questions and more can be answered. Administrator Smee stated he is looking at the one proposal and wanting to approach them to see if we need everything they have included, as their cost estimate is over the budget. Their proposal is the most comprehensive and he believes would provide the best results for the City. Staff has narrowed it down to two of the four proposals received. So how extensive do we want the study to be? Superintendent of Public Works, Kelly Rasmussen gave an overview of the city's water system which includes 55 plus miles of water lines, 12 reservoirs, pump stations and 18 pressure zones. This includes lines and facilities that were constructed back in the 1960s, and in great need of improvements. There was discussion on the issues of expanding the water boundaries further out and industrial rates to help encourage economic and job growth. In the end the study needs to provide the city with information to make a decision on equitable rates for providing service now and into the future for all customers. Mayor Poulsen suggested that the Councilmembers take a look at the two proposals and get back to Adam as to what they think.

9. ORDINANCES & RESOLUTIONS - None

10. CORRESPONDENCE - None

11. MAYOR'S REPORT & COUNCILMEMBERS' REPORTS

A. Mayor Pete Poulsen reported he attended the Joint Entity meeting at the Port where he toured their new administrative offices. It is a very nice facility.

B. Councilmember Mike Truesdell reported he met with Clerk/Treasurer Coni McMaster and discussed the conversion to monthly billing which will begin at the end of the month.

C. Councilmember Dominic Ciancibelli had no report.

D. Councilmember Mike Langham had no report.

E. Councilmember Donald Purvis reported he attended a disaster preparedness training that included information on the Oso slide event. It was very informative.

F. Councilmember Mary Putka had no report.

12. DEPARTMENT REPORTS

A. City Administrator Adam Smee had no report.

B. Superintendent of Public Works Kelly Rasmussen presented a written report expanding on the meter change out project, cleaning of storm drains and culverts for the rainy season, the downtown tree trimming by Job Core, and the pressure issues they have been working to correct for the industrial areas to the north, downtown, and the residential area including Nectarine Drive. He noted the crew will be replacing the waterline on Barnwell Court in the near future.

C. Police Chief Randy Gibson presented his statistical report noting the recent arrests for driving while suspended included the impounding of vehicles. The vehicles in question are very high mileage and have little value. Other items discussed were the counterfeit money, the guardrail accident, the domestic complaint and the one burglary which led to the arrest on a parole violation of a suspect.

D. Clerk/Treasurer Coni McMaster reported the correct amount for the claims to be paid, the amending of the water code to allow for monthly billing, and the upcoming budget schedule including setting the public hearing on the revenues on the consent agenda. She asked if any of the Council wanted to attend the AWC Regional meeting coming up next week in Centralia. Councilmember Don Purvis stated he would attend. Coni also noted that Americore is looking for a community project to consider and would like something in the Kalama area, so if there are ideas send them to her. Americore will be making decisions in the next month for projects to be completed no later than July 2015.

E. City Attorney Paul Brachvogel had no report.

13. CONSENT AGENDA

Councilmember Mary Putka made a motion the City Council approve the Consent Agenda including:

1. Claims Vouchers Totaling \$84,676.01 for September, 2014
2. Payroll Vouchers Totaling \$82,108.07 September 16-30, 2014
3. Minutes of the September 17, 2014 City Council Meeting
4. Set 2015 Revenue and Property Tax Levy Public Hearing for November 5, 2014

Councilmember Don Purvis seconded, and the motion carried.

14. EXECUTIVE SESSION - None

15. ADJOURNMENT

Mayor Poulsen adjourned the meeting at 8:58 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