

CALL TO ORDER:

Mayor Tim Wilson called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

Present: Mayor Tim Wilson; Councilmembers: Ken Caylor, Dan Dever, Genna Dorow, Charles Garcia, Kenneth Johnson, Mark Snyder, and Marc Spohr.
Also Present: City Administrator Ehman Sheldon; Department Heads: Finance Officer Mike Bailey, Police Chief Steven Dunnagan, City Clerk Debbie Kudrna, and City Planner Darryl Piercy.
Absent Was: City Attorney James Whitaker.

APPROVAL OF AGENDA

Mayor Wilson announced that we are to delete agenda item 4.8: Ordinance to Amend O.M.C. Chapter 6.04.020 License Requirements. Council carried a motion to approve the agenda, as amended. M/S Garcia/Dever.

CONSENT AGENDA:

- A. Approval of City Council Minutes of November 8, 2010
- B. Approval of Accounts Payable Checks
- C. Resolution to Accept a Donation – Shop with a Cop

Accounts Payable was audited and certified by the Auditing Officer, as required by RCW 42.24.080; and those expense reimbursement claims certified and as required by RCW 42.24.090, have been recorded on a listing that has been reviewed by the Council audit committee and is available to the Council.

Expense Claim Check No. 39035 to No. 39085 in the amount of \$812,139.69.

Councilmember Spohr advised that the consent agenda includes approval of the accounts payables. This includes a \$600,000 + payment to the Main Street contractor. He said that he refused to sign the warrants because he believes that we're not getting the services rendered. Mr. Sheldon advised that the request for payment has been certified by the engineers. He stated that 48% of the equipment has been purchased and 69% of the labor has been expended on the project through October 31st.

Council carried a motion to approve the Consent Agenda as presented. M/S Johnson/Dorow. Councilmember Spohr cast an opposing vote.

PUBLIC HEARING – CITY WATER EFFICIENCY PROGRAM – GRAY & OSBORNE

Mayor Wilson opened the public hearing at 7:06 p.m. City Administrator Ehman Sheldon advised that every six years the City updates the Water System Plan in accordance with the Washington State Department of Health (DOH) requirements. One of the elements of the Water System Plan is the Water Use Efficiency (WUE) Program. In 2003 Washington State passed the Municipal Water Law to address the increasing demand on the state's water resources. It established that municipal water suppliers must use water more efficiently in exchange for the right to increase water demand over time without forfeiting any of the unused portions of their water rights. He advised that the City's water conservation programs have resulted in reductions of water use and reviewed the water use efficiency goals:

- Maintain distribution system leakage under 10%
- Reduce annual nonindustrial residential consumption per capita by 0.5% per year on a three-year average basis

Mr. Sheldon advised that the City meets all of the DOH requirements. Mayor Wilson asked for public comments. There was none. Mayor Wilson asked for Council comments. Councilmember Spohr asked if the standpipe behind the Fire District has a meter. Mr. Sheldon stated that it does not currently have a meter and he has asked Public Works to resolve that issue. Mayor Wilson closed the public hearing at 7:11 p.m.

Council carried a motion to adopt the Water Use Efficiency Program. M/S Dever/Caylor.

WATER SYSTEM PLAN REVIEW

City Administrator Ehman Sheldon reported that water providers are required to adopt a new water comp plan every six years. The water plan is developed to evaluate the performance and adequacy of the city's existing water supply and distribution system and describe steps to be taken to meet the demands of 6 and 20 year planning periods. The plan was written to comply with State law and includes population and growth rates, pumping ability and fire flows. The capital improvements include sources, storage, treatment, telemetry, transmission, distribution and the operation and maintenance. He reviewed the remaining objectives of the water system plan.

Council carried a motion to allow the Mayor to submit the Water Comp Plan to the Department of Health. M/S Dorow/Johnson.

2011 BUDGET CLEAN-UP ITEMS

City Administrator Ehman Sheldon advised that Council approved the contract for services with Adams County Development Council (ACDC) in 2008. He said that this is not a request for tourism funding and presented Addendum #2 to the contract. Adams County Development Council Treasurer Leonard Lyon explained that there is an approved contract for economic development relevant to business retaining and business enhancement for Adams County. The ACDC has a board of 21 members and there are two Othello Councilmembers on the board, the City Administrator is the past president. He noted that it is a challenge across the state to promote economic development. ACDC develops an annual budget update to be presented in January at the annual stakeholders meeting. He advised that they have received funding from the Department of Commerce and as part of the funding they have to meet certain criteria, including in-kind funding. The State funding has been cut by the Governor; therefore, local funding is very important. They get funding from each city within Adams County at \$0.50 per citizen. They have also received funding from the Othello Port District and other local private funding and they host an annual fund raiser. None of the directors of ACDC are taking any reimbursements from the funding. They average \$4,000 per quarter in contributions. He explained that they have paid part time staff and the office is now located in Othello, which is donated by Adams County. He reviewed their current financial statement.

Councilmember Spohr had questions about a budget document that he was given by someone in ACDC. Mr. Lyon explained that he was not aware of the form that Councilmember Spohr was reviewing and explained that they were using an accounting report that was difficult to use. He advised that they currently have \$83,199 in the bank and offered to provide a copy of their past budget. Councilmember Johnson stated that \$3,400 for economic development services is a good deal and complimented the staff for their work. Mr. Lyon advised that they have annual statements that are very detailed and they have to certify that the financial documents are maintained and available. Currently, the State Auditor has chosen to not audit them annually, due to budget constraints. Councilmember Johnson reiterated that they have to provide detailed information for reimbursement from the State. ACDC will have their annual share holders meeting on January 6th and the annual budget will be presented. Councilmember Caylor stated that the \$3,400 is money well spent on economic development to entice new business and industry. Councilmember Spohr stated that he never questioned the intent of the ACDC and had only asked for an explanation of the budget form that was given to him.

Council carried a motion to approve Addendum No. 2 to the contract with Adams County Development Council. M/S Johnson/Caylor. Councilmember Spohr cast an opposing vote.

ORDINANCE TO AMEND O.M.C. 12.16.060 AND 12.16.070 OF CHAPTER 12.16 – WATER AND SEWER SERVICE AND RATES

Finance Officer Mike Bailey advised that staff had presented three different water rate increase scenarios over a three year period at the budget retreat. These included a 4%, 3% and a 2% rate increase each year for three incremental years. Capital projects were itemized for the next three

years in terms of investment in water related activities and these projects increased to \$6,565,000. He reported that staff recommends a 4%, three-year incremental water rate increase. Mayor Wilson noted that it was suggested that the third block rate be increased to encourage water conservation.

Councilmember Johnson suggested that we extend the water capital projects beyond 2014. Finance Officer Bailey stated that his projections are conservative and the water fund has been doing well. Councilmember Caylor advised that Well #5 and #6 will be back on production, and drilling Well #9 with transmission lines should be sufficient for the next two years.

Council carried a motion to adopt the three year water rate increase, as presented in AN ORDINANCE AMENDING OTHELLO MUNICIPAL CODE SECTIONS 12.16.060 AND 12.16.070 OF CHAPTER 12.16 ENTITLED "WATER AND SEWER SERVICE AND RATES". M/S Caylor/Snyder. Councilmember Spohr cast an opposing vote. This shall be known as Ordinance No. 1329.

PUBLIC HEARING ON THE FY 2011 BUDGET

Mayor Wilson opened the public hearing at 8:07 p.m. Finance Officer Mike Bailey reviewed the estimated beginning balance, revenue projections, expenditure requests and estimated ending fund balance for each fund. He reported that the 2011 budget is presented at \$18,936,685. Mayor Wilson asked for public comments. There were no comments. Mayor Wilson asked for Council comments. Councilmember Spohr stated that we should be putting 1/3 of the utility fund into reserves to fund major purchases. He also believes that we are short \$460,000 in the general fund. Mr. Bailey advised that we are transferring money into this fund from the utility tax fund for capital this year. Last year, the general fund paid approximately \$500,000 in capital. Councilmember Spohr noted there is no wage increase included in the budget until union negotiations are completed and he suggested that it be included. He made several other comments on budget items and said he is not happy with the budget. He complimented the staff on the budget process. Councilmember Johnson said that Council has reviewed the budget thoroughly and they were aware of using the utility tax fund for capital improvements. He is not in agreement with taking out the 1.5% wage increase in the proposed budget, noting that they will have to consider a budget amendment later. Councilmember Caylor asked why there is a traffic signal in the capital plan, if it's incorporated in the Main Street project and stated that we don't have the S. Broadway project in the six-year plan. Mayor Wilson closed the public hearing at 8:27 p.m. and thanked staff for their work on the budget.

ORDINANCE TO ADOPT THE FY 2011 BUDGET

Finance Officer Mike Bailey reviewed the budget process and reported that the 2011 budget is proposed at \$18,936,685. He presented the ordinance to adopt the 2011 budget.

Council carried a motion to adopt AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OTHELLO WASHINGTON, FIXING THE BUDGET FOR 2011, SETTING FORTH APPROPRIATIONS AND ESTIMATED REVENUES AND ADOPTING, BY REFERENCE, THE FINAL BUDGET FOR 2011. M/S Johnson/Dorow. Councilmember Spohr cast an opposing vote. This shall be known as Ordinance No. 1330.

ORDINANCE TO ADOPT THE CAPITAL FACILITY PLAN 2010-2014

Finance Officer Mike Bailey reviewed the 2011-2016 capital facility plan and reviewed the projects in the general fund, street fund, water fund, and solid waste fund. He recommended that it be approved with a modification to the traffic signals, as recommend earlier. The total for the 2011 capital project is \$1,886,500. The plan will be reduced by \$250,000 in 2012 by eliminating the traffic signal at 7th and Main Street.

Council carried a motion to approve AN ORDINANCE ADOPTING A SIX-YEAR CAPITAL FACILITY PLAN FOR 2011-2016, with the amendment, as suggested above. M/S Caylor/Garcia. This shall be known as Ordinance No. 1331.

UNFINISHED BUSINESS

Councilmember Spohr asked for clarification of correspondence from Gray & Osborne relevant to the Main Street project. Mayor Wilson explained that a meeting was held with the contractor and asphalt contractor to discuss the issue of the asphalt company shutting down for the winter. The asphalt company agreed to keep the batch plant open, if the temperature goes up, to get the pre-level layer of asphalt laid and striping done next Monday. It would take them three days. Currently, the snow plowing is being done by MRM Contractors. The contractor will then return early next year to complete the asphaltting. Mr. Sheldon explained that an exclusion to the penalty clause in the contract when they can't complete the project by the deadline is when they cannot work due to inclement weather.

NEW BUSINESS

Councilmember Spohr said that the centennial bricks had salt on them and he does not think that the heating system is working. He asked for an update as to why the lights have not been installed at the basketball court yet.

ADJOURNMENT

With no further items to discuss, Mayor Wilson adjourned the Council meeting at 8:47 p.m.

By: _____
TIM WILSON, Mayor

ATTEST:

By: _____
DEBBIE L. KUDRNA, City Clerk