

**CALL TO ORDER:**

Mayor Shannon McKay called the workshop to order at 7:00 p.m.

**Present:** Mayor Shannon McKay; Councilmembers Eleanor Brodahl, Kathy Carlton, Kenneth Caylor, Everett Cole, Marc Spohr, Dale Wyman, and Tim Wilson.

**Also Present:** Department Heads: Curt Andrews, Mike Bailey, Police Chief Steve Dunnagan, Debbie Kudrna, and Jay VanNess; and City Administrator Ehman Sheldon.

**PRESENTATION BY COLUMBIA BASIN DEVELOPMENT LEAGUE**

Roger Thieme, representing the Columbia Basin Development League (CBDL), reviewed their progress and asked for additional funding of \$6,000. Three hundred dollars of the City's funding in 2006 was allocated as annual dues for the CBDL, with the additional funding used towards their initiative efforts. Their main focus is to support the water initiative, which is an effort to assure the replacement of the aquifer water in the Odessa sub area. He reviewed the Columbia Basin Irrigation water construction project, which began in the 1950's, which distributes Bureau of Reclamation water throughout Eastern Washington. In 1967, the State began working towards the completion of the second half of the project in the Odessa sub area. Mr. Thieme advised that the first phase of their study is complete, and that future study activities are scheduled. The League hired a director and he reviewed his accomplishments towards the completion of the Columbia Basin project. Mr. Thieme reviewed some of the alternatives that the League is researching for collecting, storing, improving, and distribution of additional water. Councilmember Brodahl asked for a list of the contributions towards the CBDL. Councilmember Caylor stated that the League is completing a project, which originally began in 1950 and supports their endeavors.

**WCIA REVIEW OF PREMIUMS AND OPTIONS**

Eric Larson from Washington Cities Insurance Association (WCIA) explained that they provide insurance coverage and risk management services to their pool members. He reported that the City of Othello's property, elected and appointed officials, and employees are very well covered. Mr. Larson explained that WCIA used a property schedule of Othello's property and equipment to determine liability coverage and replacement values. He explained that the review provides opportunity of property schedules and listed amounts. WCIA proposed to provide a questionnaire for each City location that we want to review and they will appraise the property to determine a replacement cost. They would also provide staff to examine properties to determine replacement costs. He advised that WCIA would add additional coverage without charging a premium through December 2007. They could also explore changes in the deductibles. If there are values that should be reduced or deleted that has been added on from their original bid, they would refund the City for that premium increase. Mayor McKay advised that he feels that we have more accurate coverage. He also stated that the Council would want the property schedules reviewed and review options for deductible amounts. Councilmember Spohr voiced his concern that a quote for insurance coverage was provided with specific language that prices would not increase in 2007, and within four months there was a premium increase of \$18,000. He stated that the initial increase of premiums costs charged by WCIA compared to the previous insurance carrier should have included additional insurance coverage. Mr. Larson encouraged a line-by-line review of the City's property. Mr. Sheldon explained that WCIA has offered the following: to revert back to the initial coverage for the City as was initially bid on; they could provide a comprehensive list of the property and premium increases and they would reimburse Othello for the premium increases. Mr. Larson clarified that when the pool is accepted, there would be sufficient coverage for the 2007 season and the City would not be billed for premium increases until 2008.

**WATER RATES ANALYSIS**

Finance Officer Mike Bailey explained that Simplot's water rate was recalculated and accepted by Simplot. Their 2007 water volume rate is a decrease of .63% from last year's rate. He reviewed the impact to the water fund based upon an across-the-board increase of 5% over a three-year period. Mr. Bailey explained that the committee to negotiate a new water rate contract with Simplot recommends a one-year, 5% water rate increase. This would allow the negotiations to be finalized and full review at year end to analyze the water fund status. Mr. Bailey reviewed several water rate scenarios with: rate increases, capital projects, and projections if 400 new homes were built. Councilmember Wilson provided a breakdown of Spokane's water rates for comparison. It was Council's consensus was to consider an across-the-board water rate increase of 5% for one year at the next meeting.

#### **REVIEW OF HOTEL/MOTEL DEFINITIONS**

Building Official Curt Andrews reported that some of the City's zoning definitions are outdated and are not modern terminology, including the definitions for hotels and motels. He asked approval to allow the Planning Commission to review the definitions and zoning issues. Once the terminology is determined, they would define the zones for the various uses and recommend changes to the City's codes. It was Council's consensus to authorize the Planning Commission to work on the definitions and zoning issues.

#### **CONSIDERATION OF ORDINANCE ESTABLISHING DEVELOPER RELINQUISHING WATER RIGHTS**

Mr. Ehman Sheldon presented an ordinance that would allow a new development to relinquish the water rights of newly developed land, and if the property does not have water rights the developer would pay the City a water rights acquisition fee, as established by resolution. The fees could be collected to improve existing city wells or drill new wells. Mr. Sheldon reported that City staff met with the developers of the property located south of Ash Street and west of 14<sup>th</sup> Avenue and they came to a conclusion that the costs of installation, maintenance and operation of a new irrigation system would be more expensive than the cost for city water for irrigation purposes. He explained that the water rights of land that is considered for annexation could also be relinquished (if adopted by policy) or a water rights acquisition fee paid to buy into the City's existing water system. There was further discussion about the cost to install and operate irrigation systems in new developments and Mr. Sheldon explained that there may be instances that it would be less expensive to install an irrigation system compared to cost of city water. This may be due to the location of new developments in relation to the location of the existing irrigation infrastructure. Mr. Sheldon advised that it is more economical for the Anderson development to utilize city water for irrigation purposes. Mr. Mike Anderson explained that the expense to operate an irrigation association in their development is excessive and they have determined that it was more economical to utilize city water for irrigation purposes. He stated that they can return their irrigation allocations to the Water District. There was further discussion about transferring water allocations and water rights. Councilmember Carlton questioned whether the City wanted assignment of water withdrawal permits. There were some suggestions to clarify the intent of the ordinance. Councilmember Spohr mentioned that the City is contemplating a similar developers request now to the earlier offer by the golf course developers. It was suggested that County developments who request city water service relinquish water rights. Mr. Anderson advised that if the City causes them to create a water association, it will eventually become non-operational and the City would eventually be forced to take it over. Councilmember Wilson noted his concern to support the use of irrigation water if it's feasible in new developments.

#### **FIRE TRUCK PURCHASE DISCUSSION**

Chief Clyde Fought introduced Mark Merritt, sales person from *E-One*. Mr. Merritt advised that the fire truck is a 2005 demonstrator model, which has never been put in service. He reviewed the warranty package and advised that the sale cost is \$485,000 plus tax. Chief Fought explained that the truck can be licensed and if it weighs more than 24,000 GVW on the back axle, we would have to obtain a permit from the Department of Transportation for traveling over bridges. Council's consensus was to purchase the truck (with the official motion to be taken at the next Council meeting) and the additional cost for the vehicle is to be paid out of the utility tax fund.

#### **UNFINISHED BUSINESS**

Mayor McKay advised that the Pet Rescue organization will be meeting on February 7<sup>th</sup> and they may be ready to discuss a contract with the Council at the last meeting in February. Mayor McKay announced that there is still a vacancy on the Planning Commission.

#### **ADJOURNMENT**

With no further items to discuss, Mayor McKay adjourned the workshop at 9:01 p.m.

By: \_\_\_\_\_  
SHANNON MCKAY, Mayor

ATTEST:  
By: \_\_\_\_\_  
DEBBIE KUDRNA, City Clerk