

CALL TO ORDER:

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

Present: Mayor Shannon McKay; Councilmembers Eleanor Brodahl; Kenneth Caylor; Dan Dever; Kenneth Johnson; Mark Snyder; Marc Spohr, and Tim Wilson.

Also Present: Department Heads: Police Chief Steve Dunnagan; Debbie Kudrna; Jay Van Ness, and City Administrator Ehman Sheldon.

BANK OF AMERICA BI-ANNUAL FINANCIAL REPORT

David Lee, Vice President and Senior Manager of Bank of America, reviewed the bond market indexes noting that they posted positive results, with the exception of a high yield. He stated that three-fourths of the City's portfolio is in government sponsored enterprise funds. Mr. Lee advised that the Federal Reserve has released a guarantee for Freddie Mac and Fannie Mae bonds, which are now rated AAA. He indicated, as the City's security bonds expire, he has been locking into treasury notes at a higher yield and noted that the City's portfolio diversification is currently less than 1% in cash; 15% in treasury obligation; 10% in commercial paper; and that the balance is made up of government sponsored enterprises. Mr. Lee reported that the average maturity of the portfolio is under 2 years; average coupon is 4.22% interest rate; current yield of the portfolio is 4.14%; and current yield for cash is 2.2%. He reviewed the City's income maturity schedule: all of the investments comply with the City's investment policy; the City's investments have gained approximately \$81,000 in total value, with a majority of the gain from interest payments, or just under 4% for the year to date. He reported on the average rate of return. He advised he's focusing a majority of the City's investments in an interest rate environment for a 1-3 year length with 35% to be concentrated in a 4-5 year length, providing liquidity and ultimate safety, and diversifying the investment risks. He offered to research investing into TIPS inflation bonds, which are direct purchases with the US Treasury and investments for the 5 year arena. These are also AAA and backed by the government.

CITIZEN COMMENTS RELATIVE TO WATER SERVICE TO THE GOLF COURSE DEVELOPMENT

Sean Bates, 1156 E Juniper Street, reported that his family has roots in Othello and wants to see the community grow and prosper. He noted that water is a limited resource and he feels that the decision to allocate water to the Golf Course development is a foregone conclusion.

John Reneau, Supervisor at McCain Foods, spoke in favor of the Golf Course development. He believes that Othello has a lot of good things to offer to the citizens and we need to provide affordable housing for those currently working in Othello but are living elsewhere.

Adams County Commissioner Roger Hartwig spoke in favor of the Golf Course housing development. He reported that a \$200,000 home would bring in \$2,000 of tax funding into the community to be allocated to the various taxing districts. This is an opportunity to support growth and economical development for our citizens.

Mayor McKay explained that the Council received a request to allocate water to the Golf Course two years ago, and at that time it was a difficult decision. Mark Mollotte advised that city water will be used solely for domestic water inside the homes and irrigation water for all other uses. They expect to build in three phases and have provided city staff with projected water consumption. Municipal Services Coordinator Jay Van Ness acknowledged that staff is reviewing their figures and Council will receive water projections soon.

Othello School District Superintendent George Juarez advised there is a need for housing for school district employees and it would be advantageous for those employees to live in Othello. He said that he is in favor for the proposed housing development. Mayor McKay reported that Council has heard that there is a need for affordable housing.

Bob Carlson stated that a couple years ago he asked for water to a development on the north side of Bench Road, between Bench Road and the railroad tracks, outside of the city limits, and nothing was ever done. He asked that if the Golf Course proposal is approved his development be considered as part of the allocation.

Don Gentry stated that he was pleasantly surprised when his water request was approved by the Council for his development. His development will include apartments, duplexes, and four-plexes on the 36 acres in the County. He was given 25,000 gallons per day, water rights. He would like to work with the City and the Golf Course developers for the installation of the water supply line. His property is between the City's well and the Golf Course, which and it makes sense to jointly plan the water pipe system. He hopes the Council will support the housing development projects.

Councilmember Caylor explained that 170 new homes will use a very small amount of water and provided projected water use for the development. He also reported that it could provide an additional \$76,000 per year in revenue (excluding the connection fees) to the city. He supports supplying the Golf Course development water and feels the City will still have ample water for industrial development.

Councilmember Spohr acknowledged that the Council tabled the water request from the Golf Course developers a couple years ago because there was an offer to trade water rights. Based upon a report of the Department of Ecology regarding the status of water right applications, the developers withdrew their request. He is supportive of the Gentry and Golf Course projects and the expansion of the Water District and beyond those projects, he will be conservative with the City's water because there are other potential expansions inside the city limits.

Mike Beardsley, resident of the Othello Golf Course, noted that it will be very beneficial for the community to have the Golf Course development. He noted that the Port District has property and water rights for developments and supports growth. Mr. Beardsley explained that requests for transferring water rights to the City in exchange for the Port District's development must be considered by the Port District Commissioners.

Mayor McKay explained that the Council's responsibility is to assure we have amply water reserves and plan for continued growth. Councilmember Brodahl asked how big the Water District expansion is. Mr. Sheldon explained that he received a map from the Water District today and it includes 3-4 potential developments. Council will receive a data report to include the City's water capacity, new projected water allocation, and planned water calculations. They will also receive a report on Well #6 on September 22nd.

Councilmember Brodahl left the meeting at 8:00 p.m.

FUNDING FOR IMPROVEMENTS SR 24 INDUSTRIAL AREA

City Engineer Larry Julius reviewed several funding options for the City's infrastructure improvements for the SR 24 industrial area. He stated it would be beneficial to use a combination of grant and loan programs to finance the City's infrastructure programs, noting that other funding sources can be used as the City's match. The total project cost is estimated at \$6 million. He advised that the Infrastructure Assistance Coordinating Council (IACC) has a fall workshop that provides entities an opportunity to meet with representatives from various funding sources. Mr. Julius explained there is a possibility that the City may compete with itself, if applying for funding sources for the SR 24 Industrial project and the Main Street project. It may be wise to use different funding for the two programs. Mr. Julius further explained the application process.

FUNDING FOR MAIN STREET IMPROVEMENTS

Mike Meskimen from Gray & Osborne reported on the Main Street project. He advised that the City submitted an application to the Transportation Improvement Board (TIB) for the first phase of the Main Street project. This is a grant program that funds 90% of a project. He explained that phase one of the project is Main Street from Broadway to 4th Avenue estimated at \$1,602,500; phase two

is 4th Avenue to 9th Avenue estimated at \$2,008,750; phase three is 9th Avenue to 14th Avenue estimated at \$2,122,500; phase four is from the west city limits at the canal to Broadway Avenue estimated at \$1,240,000. The street reconstruction project includes new roads, light signal equipment, sidewalks, curbs, gutters, and storm drains. They expect to complete the phases every two years.

REPORT ON USE OF GOLF CARTS IN CITY LIMITS – CHIEF DUNNAGAN

Police Chief Steve Dunnagan explained the difference of a straight golf cart, which cannot legally be driven on roads; low speed vehicles, which do meet federal safety standards, are designed for roads and can be legally driven on roads. If the Council is considering allowing golf carts on city streets, he advised that there are state laws that allow that under certain regulations, and the Council would have to adopt ordinances to be in compliance with RCW 46.09, relevant to use of golf carts on city streets. Chief Dunnagan reported that there are instances where golf carts are allowed in golfing, retirement or gated communities where the traffic flow is low. If golf carts are allowed, they would be competing with vehicles that can drive 25-35 mph on city streets and the Police Department will be tasked with controlling those drivers. He believes that it may not be beneficial for the Council to authorize the use of golf carts on city streets, mainly because of public safety and all of the costs associated. If the answer is to allow low speed vehicles, those are already allowable by state law because they meet federal guidelines and are street legal.

REPORT FROM MIKE BEARDSLEY, PORT DIRECTOR

Othello Port Director Mike Beardsley reported on the intersection project, off-site and on-site improvements for the Othello Business Park. The Port District never intended to come to the Council to ask for financial assistance, but they didn't know it would cost \$477,000 to get the utilities to the project. He reported that they are applying for grant funding.

Mr. Beardsley reported on the 14th Avenue and Hwy 26 intersection project. They have committed \$102,000 towards this project and he believes the City's portion is approximately \$110,000, and the Department of Transportation's (DOT) portion is approximately \$290,000. He is concerned of the contingency funding that may be expected to deal with all issues. He is also concerned that if the Port District and City do not proceed with the intersection improvements, we will regret it in the near future. He expects that the DOT will complete their project next year and suggested that the City commit \$110,000 at their next meeting to meet the needs of the community. Mr. Beardsley reported that the right-of-way issue with the Hampton's property is not an issue and will only be if a major developer comes into the business park. They have planned a three-lane road system through the business park, set at least 700' beyond the center point of Hwy 26.

Mr. Beardsley reported that they have elected to not extend water down Concrete Drive because of right-of-way issues and they prefer to install water and sewer at 7th Avenue. If the City would design the infrastructure on Concrete Drive and obtain utility right-of-ways they would support bringing water from Concrete Drive. The Port Commissioners would rather that the City obtain the easements and right-of-way for water and sewer at 7th Avenue. The Port District will pay for the sewer to come up 7th Avenue. On behalf of the Port Commissioners, Mr. Beardsley asked the City to pay \$150,000 towards the infrastructure improvements or 40% of the actual costs for extending the utilities to their development in the City's 2009 budget. If they can cut the highway at the SR 26 and 14th Avenue intersection for the utilities, instead of boring under, they could save approximately \$50,000. Mayor McKay asked why they don't support getting the water from Concrete Drive. Mr. Beardsley advised they feel that the City's infrastructure project won't occur quickly and they would incur extra costs for engineering. If the City could provide a time frame of their infrastructure project, where the line will be on Concrete Drive, they would consider it. Mayor McKay explained that we don't have that information now, but if they have a guaranteed anchor tenant, the City could fast track the project. Mr. Beardsley advised that the incubator project has been renamed as flex space and they are still considering it. Councilmember Caylor advised that they could save \$100,000 if they don't bore under SR 26 at 14th Avenue and 7th Avenue and tie the water line into Concrete Drive; it would also create a looped system. He also suggested that sewer

infrastructure be brought from Concrete Drive to the City's system; this eliminates one cut on the highway and ties water and sewer into the City's systems.

COMMITTEE REPORTS – COUNCIL COMMITTEE MEMBERS SHARE INFORMATION

Councilmember Caylor advised they are having a Centennial meeting on October 2nd. Jay Van Ness showed the Scooteny Street sewer project collage from Anderson Perry & Associates. He advised that most of the south eastern section of the city sewage flowed through the lift station. The lift station has been removed, and they have not calculated the impact of the sewer capacity from the new developments.

Councilmember Dever commented on the large amount of traffic at the Hwy 26 and 14th Avenue intersection.

ADJOURNMENT

With no further items to discuss, Mayor McKay adjourned the workshop at 9:32 p.m.

By: _____
SHANNON MCKAY, Mayor

ATTEST:

By: _____
DEBBIE L. KUDRNA, City Clerk