

CALL TO ORDER:

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

Present: Mayor Shawn Logan; Councilmembers: Eugene Bain, Dan Dever, Genna Dorow, Corey Everett, Kenneth Johnson, John Lallas, and Mark Snyder.

Also Present: City Administrator Wade Farris; Department Heads: Public Works Director Terry Clements, City Clerk Debbie Kudrna, Finance Officer Spencer Williams, and City Attorney Katherine Kenison.

CITIZEN INPUT

Mayor Logan noted he would consider taking citizen input during the council meeting, if he acknowledges them and they must come to the microphone.

Sean Bates, 1156 E Juniper Street, read comments that he made a year ago relevant to last year's audit exit conference when he asked that they be allowed to attend; he questioned about the use of the utility tax revenue and other issues. He noted that he has not received any reports from the City relevant to the appropriations of the utility tax. He noted that Mayor Wilson advised that a letter would be sent to respond to his issues and noted that he has never received a letter from Mayor Wilson. Mayor Logan noted that this is now a work product and the Finance Officer has been asked to prepare a report.

APPROVAL OF AGENDA

Council carried a motion to approve the agenda. M/S Dorow/Snyder.

CONSENT AGENDA:

- A. Approval of City Council Minutes of December 9, 2013
- B. Approval of the Special City Council Minutes of December 17, 2013
- C. Approval of City Council Workshop Minutes of January 6, 2014
- D. Approval of December 2013 Accounts Payable Checks
- E. Approval of Year End Accounts Payable Checks for 2013
- F. Approval of January Accounts Payable Checks for 2014
- G. Approval of Payroll and Related Expenses
- H. Set Public Hearing on the Abatement of 306 E Hemlock Street for January 27, 2014

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.

Accounts Payable - 2013 Check No. 43427 to No. 43475 in the amount of \$153,134.92.

Accounts Payable - 2013 Check No. 43426 to No. 43530 and No. 43558 in the amount of \$96,415.90.

Accounts Payable - 2014 Check No. 43531 to No. 43557 in the amount of \$481,271.92.

Payroll and Related Expenses Check No. 28626 to No. 28662 in the amount of \$286,115.67.

Council carried a motion to approve the Consent Agenda, as presented. M/S Dever/Lallas.

PUBLIC HEARING ON WATER RATES FOR THE ADAMS COUNTY WATER DISTRICT #1

Mayor Logan opened the public hearing at 7:07 p.m. The Mayor asked if anyone needed translation services. There was none. Finance Officer Spencer Williams advised that we have a contract with Adams County Water District #1 (ACWD) for water services. Pursuant to the terms of the agreement, a public hearing is required for any amendments to the water rate section of the agreement with the Adams County Water District. Mr. Spencer explained that new water rates were approved for 2014, 2015 and 2016. These rates include a 6% rate incremental increase for each of the three years, which establishes rates for users inside and outside city limits. The contract provides that the City will provide water at a rate that is in a fair and equitable manner proportionate to the degree by all users. Othello Municipal Code 12.16.030 provides that users

outside city limits are assessed 1.5% of the applicable rates for customers inside city limits. Mayor Logan asked for public comments. Mr. Miguel Zuniga, 2202 W Rainier Road, stated that he is concerned with the increased water rates and asked if the rates could be adjusted down. City Administrator Wade Farris explained that they have reviewed the water rates to assure that we can provide clean and reliable source of water. He noted that the City has to maintain infrastructure and drill new wells to accommodate growth. The Council made the best decision in order to provide the necessities. He noted that the increased water rate may increase water rates inside city limits by \$3-\$4 per month. Mike Crosier noted that the water infrastructure is a standalone fund and all of the money collected is used only for our water system. Mr. Victor Alvarado, 2213 W Rainier Road, advised that he just put his house up for sale because the water bills are as high as \$300 per month. Sean Bates, 1156 E Juniper St., asked what the justification is of the 1.5% increase for water rates exported outside of the city limits. Mr. Williams noted the City ordinance provides for the 1.5% increase for customer rates outside of the city. Mayor Logan advised that the Water District was formed to provide good water quality and a consistent supply. The 1.5% increase has been charged for years and he sympathizes with the land owners; however the rate increase should be minimal. The Mayor stated that the City has the responsibility to provide water supply now and in the future. Mayor Logan asked for Council comments. Councilmember Johnson advised that we have to financially prepare for the future and make necessary improvements without getting loans or bonds. We are ready to drill Well #9 with the needed transmission main at the estimated cost of \$2.7 million project. Diana Longoria, 2352 W Covey, manager of the ACWD #1, noted that the sewer rates have also increased. The Water District has set and maintain their rates to accommodate their costs for maintenance. Mike Crosier advised that he was on the Council when the rates were figured for those customers outside city limits. It gave them an incentive for the property owners to consider annexation. He stated that he isn't sure the water rates were calculated correctly and doesn't understand why we charge the Water District the 1.5% increase. Councilmember Johnson thanked everyone for their comments. Mayor Logan closed the public hearing at 7:30 p.m.

RESOLUTION ESTABLISHING A NEW WATER RATE FOR ADAMS COUNTY WATER DISTRICT #1

Mayor Logan advised that the Council has the option to adopt the water rates. Finance Officer Spencer Williams advised that we recently adopted new water rates for the next three years. The Ordinance includes the 1.5% increase for all property owners outside the city limits. The Resolution includes rates that are set at 1.5% increase. Councilmember Johnson asked to meet with ACWD#1 representatives to discuss our rate structure and see if there are ways to keep costs down. City Attorney Kenison advised that in other communities, the average utility rate is 1.5% for customers outside the city limits. Councilmember Dorow stated that they are using the City's water and we have to be compensated for their use. Mayor Logan noted that the property taxes in ACWD go the County and not the City. Public Works Director Terry Clements noted that when the water goes through the water meter, it is then their responsibility to maintain. Mayor Logan asked that City staff meet with representatives from the ACWD#1 and other customers outside the city limits. He suggested that a meeting be scheduled for Monday, February 24th 5:30-6:30 p.m. at City Hall.

Council carried a motion to approve A RESOLUTION ESTABLISHING AN AMENDMENT TO THE RATE SECTION OF THE AGREEMENT BETWEEN THE CITY OF OTHELLO AND ADAMS COUNTY WATER DISTRICT NO. 1 FOR WATER SUPPLY. M/S Johnson/Dorow. This shall be known as Resolution No. 2014-01.

PUBLIC HEARING ON THE MARIJUANA MORATORIUM

Mayor Logan opened the public hearing at 7:45 p.m. City Attorney Kenison reported that the public hearing is a requirement of the City's marijuana moratorium. The State's application date has closed and Othello now has three submittals for marijuana producing/processing businesses. There are no limits on the number of producers and processors and those will be reviewed by the State. She will research to see if their applications violate the buffer zones and if they can be located on Main Street. Ms. Kenison advised that we have not received any further direction from the Attorney General's office. Mayor Logan asked for public comments. There was none. Mayor

Logan asked for Council comments. Mayor Logan asked if we could impose difficult impact fees that can be imposed on those operations. City Attorney Kenison explained that the Council should discuss this further and the Attorney General has also been asked if cities can impose stricter requirements. We can restrict how they operate and we should have more information from the State before the moratorium expires. She recommended that we use the SEPA process to address many of the concerns. Mayor Logan noted that we have to begin planning for applications submitted to the City. Councilmember Dorow suggested that keep with a moratorium as long as we can and begin working on our process and ordinances. Attorney Kenison stated that we can set the business license fees higher but you have to establish the legislative records to justify that additional burden by the business. If the Federal Government wants to bring an action, it would be an issue with the State and not local governments. Mayor Logan closed the public hearing at 8:08 p.m.

TASK ORDER 1-14 ~ 14TH AVENUE IMPROVEMENTS

City Engineer Larry Julius reported that the project will reconstruct and widen 14th Avenue from Cemetery Road south to SR 26. The project is funded by an 80% grant from State Transportation Improvement Board, and the remainder will be paid by adjacent property owners and the City. Task Order No. 1-14 is for design engineering and bid award services with Gray & Osborne, in the amount of \$282,500. Design will be completed in 2014 and bids will be requested the first of 2015.

Council carried a motion to approve Task Order 1-14 with Gray & Osborne. M/S Dorow/Johnson.

TASK ORDER 2-14 ~ 14TH AVENUE WATER MAIN REPLACEMENT

City Engineer Larry Julius explained that the project will replace the existing 12" asbestos cement water main in and along 14th Avenue between Cemetery Road and SR 26. This will be replaced with 12" PVC pipe in conjunction with the reconstruction of 14th Avenue. Task Order No. 2-14 is for the design engineering and bid award service with Gray & Osborne, in the amount of \$20,000. Councilmember Lallas questioned the amount of time estimated for CAD drawing. Mr. Julius explained that it includes the pipe line drawings and the details, such as fire hydrants, connections to existing mains, etc. and if we don't use those hours, they will not charge for them. Councilmember Johnson noted that we previously had water pressure and fire flow issues in the area of schools and we installed a water line in between 14th Avenue and 10th Avenue and there is new line in the area already.

Council carried a motion to approve Task Order 2-14 with Gray & Osborne. M/S Dever/ Dorow.

TASK ORDER 3-14 ~ 1ST AVENUE SOUTH

City Engineer Larry Julius stated that the project will overlay 1st Avenue South from Main Street to Spruce Street. The Transportation Improvement Board is funding 90% of the total project cost with the City responsible for 10%. Task Order No. 3-14 is for design engineering and bid services with Gray & Osborne, in the amount of \$52,500. Design will be completed in 2014 and bids will be requested the first of 2015.

Council carried a motion to approve Task Order 3-14 with Gray & Osborne. M/S Snyder/Dever.

ACQUISITION OF PROPERTY FOR WELL #9

Public Works Director Terry Clements explained that the City has been negotiating with A.A.C.C. LLC (Merle Booker) to purchase 11.85 acres located east of Hwy 17 and north of Cunningham Road. The purpose of this property is to drill Well #9. The City will need about 2-3 acres of the property and will lease the rest back to Mr. Booker for farming. The purchase price for the property is \$237,500 and the farm lease has been negotiated at \$300 per acre, with Mr. Booker maintaining the water circle and paying for the water. City Attorney Kenison advised there is one change proposed by Mr. Booker's Attorney and she recommends that we approve the purchase agreement with this additional language to the Farm Lease Agreement: "3.3 – Sellers and purchasers shall execute a farm lease agreement for a term of five years. The farm lease agreement is attached to as Exhibit D and is incorporated herein by this reference."

Michael Crosier, 625 N 11th Avenue, asked if we are purchasing property beyond the lava dam in the area. Terry Clements and the geologists are not able to pinpoint where the dike is located. Mr. Crosier stated that he doesn't believe that our geologists contacted Whidbey Island for assistance for locating the dike. Mayor Logan noted we have used the services of a geologist and we have now made it public to purchase property.

Council carried a motion to approve the purchase from A.A.C.C., LLC (Merle Booker) 11.85 acres for the purpose of drilling Well #9. M/S Lallas/Bain.

ELECTION OF MAYOR PRO-TEM

Mayor Logan called for nominations. Councilmember Snyder nominated Councilmember Ken Johnson for a one year term for Mayor Pro Tem. Seconded by Councilmember Lallas. There were no other nominations. Mayor Logan called for a vote. The motion carried.

CITY'S LONG TERM DEBT REVIEW

Finance Officer Spencer Williams advised that the City currently has 5 debts and by 2016, three of the debts will be paid in full. He reviewed the City's indebtedness and noted we are in a strong financial position. He stated that we can pay off our debt early.

2014 AD VALOREM AMENDMENT ORDINANCE

Finance Officer Spencer Williams explained that on December 9, 2013 the Council passed Ordinance 1391, accepting the maximum levy amount provided by the County Assessor's Office at \$1,520,000. At that time, the amount was an estimate and since then, we have received the actual levy of \$1,526,228.

Council carried a motion to adopt AN ORDINANCE AMENDING THE AD VALOREM TAX UPON PROPERTY IN 2014 FOR THE CITY OF OTHELLO AND AMENDING ORDINANCE 1391. M/S Bain/Lallas. This shall be known as Ordinance No. 1394.

UNFINISHED BUSINESS

Mayor Logan advised that the Adams County Development Council will address their board appointments for Othello and Hatton.

NEW BUSINESS

Mayor Logan advised that staff has completed a grant application through the Tony Hawk Foundation. There are other grant opportunities that staff is researching.

ADJOURNMENT

With no further items to discuss, Mayor Logan adjourned the Council meeting at 8:58 p.m.

By: _____
SHAWN LOGAN, Mayor

ATTEST:

By: _____
DEBBIE KUDRNA, City Clerk