

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, Dale Wyman, and Tim Wilson.

Also Present: Department Heads: Curt Andrews, Debbie Kudrna, Dick Lee, Rhonda Miller; Police Chief Steve Dunnagan, and City Administrator, Ehman Sheldon.

Absent Was: Councilmember Marc Spohr.

EMPLOYEE RECOGNITION –

Mayor McKay presented a plaque of appreciation to employee Susan Huntzinger for her 10 years of dedicated service to the citizens of Othello. He gave a short report on Mrs. Huntzinger's accomplishments and contributions.

BANK OF AMERICA BI-ANNUAL FINANCIAL REPORT

Bank of America representative David Lee gave a bi-annual report on the City's investment portfolio. Mr. Lee's report covered the following:

- Fixed income market and interest rates
The Federal Reserve quarter point interest rate has risen to 4.75% in March
The interest rate may increase in the next quarter to 5%
- Summarization of the City's current portfolio mix and investment performance
The City's portfolio was measured against the Merrill Lynch 1-3 year treasury index
The City's investment policy guidelines
The City's bond portfolio
- Recommendations for future changes to the City's portfolio
The City should take advantage of the higher interest rates
Invest matured bond funds into substantially higher coupon paying investments
Stagger the short term maturity terms
Restructure the city's investments split in treasuries and agencies
Promote more diversification to the portfolio investments

Mr. Lee reported that Bank of America does not impose commission charges when they negotiate investments for the City but they have a management fee. He reviewed four months worth of the City's security market values, and that they will reinvest those monies back into the bond market.

FIRST QUARTER REPORT FROM ADAMS COUNTY FIRE DISTRICT 5

Adams County Fire Chief Clyde Fought reported that they will start retesting the engines in the next few months and noted that they will then assess the City's ladder truck. He noted that Ladder 1 is planned to be replaced in 2008. He explained that the industrial plants and the hospital are working on their procedures to help reduce the amount of false alarms. Chief Fought reported that they are training new volunteers and are still maintaining the number of volunteers needed.

WATER RESERVOIR CLEANING VIDEO

Public Works Director Dick Lee provided a video of the reservoir cleaning project that was recently completed. This video showed total failure of the mastic and severe cracking in the sidewalls in the 1 million gallon reservoir. He advised that he will be requesting funding to have the reservoir sandblasted and recoated in 2007; noting that it is estimated to cost \$150,000. The video showed that the 2 and 3 million gallon reservoirs are in excellent condition. He recommended a five year cycle to have the water reservoirs cleaned.

ORDINANCE AMENDING O.M.C. 12.16.340 APPENDIX S REGARDING SEWER RATES

Public Works Director Dick Lee explained that the Council had received the recommendation to increase the sewer rates to fund repairs in the current infrastructure and accumulate sufficient money in the next ten years for the mandates that may be imposed upon the City by the Department of Ecology (DOE). He explained that the recent sewer assessment revealed that we need to improve: the chlorine system, install a chlorine destructor for the effluent, make improvements on the lagoon diffusers to alleviate the partial flume problem, and repair several areas in the sewer lines that were found by the camera survey.

Mr. Lee explained that the City's engineers have recommended some alternatives for improvements to the lagoon system and believe that DOE will demand major changes in the next permit cycle. He also noted that the City's sewer rates are so low that it restricts the City to apply for grants; noting our rates are the lowest in the State.

Finance Officer Rhonda Miller reported that staff recommends \$2 per month increase in sewer rates for 2006 thru 2009, which will adequately fund the needed short term improvements and accumulate sufficient funds for future improvements. In 2009, our sewer rates will be \$19.28, which is still be well below the State average of \$33.75. She reviewed the projected annual revenue and expenditures based upon the \$2/ 4-year incremental rate increase. She advised that the sewer bond will be paid off in 2007, which will release the bond reserves making that funding also available. Ms. Miller reported that with the proposed rate increases, our rates will still be one of the lower rates in Washington State. Mayor McKay questioned whether we would still be too low to apply for grant funding and noted that the City is making efforts to accumulate the necessary funding for upcoming mandated improvements. Mr. Sheldon advised that the granting authority will also look at the Council's actions of establishing increases. Ms. Miller advised that the rates include increases to all sewer customers, including accounts outside city limits.

GOLF COURSE WATER REQUEST

City Administrator Ehman Sheldon reported that the developers of the second phase at the golf course have advised that they will phase in the number of homes; their initial proposal was for 330 homes, which has been reduced to 175 homes. He explained that the City's current rating from Survey and Rating is class 5, due to the good service provided by the County Fire District; the status of the fire equipment; number of volunteers, and other issues that keep that rating low. He explained that the Survey and Rating class is not based upon the projected number of homes to be built, but rather the impact to the water system of homes connected on the City's system that demand water service. He also advised that the stand by water contract with McCain Foods will not impact the City's class rating because of the infrequency of water use. If McCain Foods came back on the City's water system and it became a habitual need, Survey and Rating would then factor that projected water use into our water demand scenario.

Mr. Sheldon reported the current consumer water usage, using high estimated projections to be 5158 acre feet; this included the City, McCains, the proposed golf course, Carlson developments, Anderson developments, and a total build out of vacant property within the city limits. This leaves 1942 acre feet remaining available from the City's approved 7100 acre feet. He then advised that the City's water right capacity is 9550 gallons per minute (gpm) and the maximum water usage (including the proposed developments) is 5991 gpm. Mr. Sheldon also explained that the City has available water in reservoirs for 8.35 hours; noting that Survey and Rating requires that we have at least 30 minutes of water available in reservoirs in case of an emergency. He then explained that with all wells running to maximum capacity, including maximum usage, we would still have 6.17 hours of water available and noted there is a capacity left of 5111 gpm based upon daily use and 1955 gpm maximum daily use. These figures do not include potential water use by McCain Foods.

Mr. Sheldon advised that staff will be asking approval of a study of Well #6 in 2006 with improvements to the well scheduled in 2007.

Finance Officer Rhonda Miller reported on the projected annual water revenues if a Water District was formed for the proposed golf course addition compared to individual water meters installed at each of the connections. These projections also included revenues for an additional 370 housing connections (inside city limits). Her report also projected annual expenditures that will be incurred by the City to provide the service to the proposed developments. Mr. Sheldon summarized the pros and cons of approving water service to areas outside city limits and stated that Council needs to decide whether they will support local growth and where growth and developments should be.

Doug Buck, speaker for the golf course development advised that their first phase (170 homes) may take 3 – 5 years. Mayor McKay advised that both Mr. Anderson and Mr. Carlson have reported that they will also phase in their developments. He reported that the City should accrue sufficient funding from the general facility charges from the three developments to drill a new well. Mayor McKay also

suggested supporting growth whenever it's feasible; noting we have sufficient water for these proposals. He also recommended that the water contracts include guaranteeing payment for a certain number of general facility charges per year. Councilmember Wyman questioned whether the City is giving away a water right and asked what the market value of water rights is. Mr. Sheldon advised that there is a local farmer who has solicited the City for purchase of his water rights and staff is pursuing that offer and another source is purchasing additional water rights from the Bureau of Reclamation. Councilmember Carlton asked for a brief update of the two other proposals: Mike Anderson is proposing multi family farm labor housing and Bob Carlson is proposing single housing on larger lots. Mr. Sheldon advised that Mr. Carlson is discussing with the City creation of a new zone and staff is reviewing Pasco's suburban zone provisions. He reported that the water main line will be installed to City standards and if a utility district is organized, the developers are responsible for their infrastructure. Mr. Sheldon also stated that if the City provides direct service, all water infrastructure will be built to City standards. Councilmember Cole noted his concern of providing for the natural growth within the City or those areas that are adjacent to current city limits that may want to annex into the city limits. Mr. Sheldon agreed that the staff projections do not account for new industrial growth but the projections do include for full build out of vacant lots within the city limits into housing units. Mr. Sheldon explained that the other two developments could connect to the infrastructure that will be built for the golf course, where as the City would then want to have a looped water line. He explained that the cursory review includes one new employee, which was included in the projected expenses.

Mr. Graham advised that their development will be built to city standards whether it's for a water utility district or individual service connections. He explained that it's difficult to project when they could start because they have to work with the County Planning Department, Department of Transportation, and the Adams County Health District. He advised that they have decreased their design projections to help accommodate the other two proposals given to the City and they will consider paying guaranteed connections every year to help the City financially prepare for drilling a new well. The Mayor acknowledged that the City should stay ahead of the growth demand with good financial planning. He also explained that the City will have to amend the water comprehensive plan if the water growth area is changed. Councilmember Wyman advised that the proposed suburban zone is in the Riverside area of Pasco, explaining that they are larger lots and the streets are built with no curb and gutters.

UNFINISHED BUSINESS

Mr. Sheldon advised that the staff is preparing a report relative to non-compliance code enforcement issues, including an inventory of areas that trucks are driving over curbs in the commercial areas of Main Street and 1st Avenue. This review will extend into the residential areas and an inventory will also be prepared to identify right of way obstructions. Mr. Sheldon advised there is no "grandfather clause" in Washington State and these issues are the same context as non-conforming uses. He explained that a use upon property that does not meet the current zoning provisions is considered as a non-conforming use and can be allowed for a certain amount of time. The City can set conditions for the property to become in compliance and the owners must be given adequate time to comply with the City's codes.

ADJOURNMENT

With no further items to discuss, Mayor McKay adjourned the workshop at 8:49 p.m.

By: _____
SHANNON MCKAY, Mayor

ATTEST:

By: _____
DEBBIE L. KUDRNA, City Clerk