CITY OF SHELTON, WASHINGTON - CITY COMMISSION
Study Session Minutes - January 27, 2014
Shelton Civic Center - 2:00 p.m.

Presiding: Mayor Cronce, Commissioner Olsen and Commissioner Moore
Staff Present: Dave O'Leary, Vicki Look, Cathy Beierle, Greg Clark, Steve Goins, Mike Michael and Lesleann Kangas

Mayor Cronce called the meeting to order at 2:00 p.m.

Commission Reports
- Shelton Mason County Historical Society Museum Fourth Quarter Report – Mr. Justin Cowling presented the Fourth Quarter Report in accordance with their Tourism Grant Contract for 2013. Mr. Cowling’s report contained the total visitors from the years 2000-2013, with 2013 being the best year. He also reported on previous events that happened in 2013 and upcoming events for 2014. Mr. Cowling thanked the City for the lodging tax funds and is appreciative of the continued support of their organization.

One or more Commissioners will attend the following activities this week:
- Association of Washington Cities Action Conference
- Mason County Board of Health Meeting

Public Comment
Mayor Cronce recognized Mr. Tom Bart who said the Shelton Mason County Chamber of Commerce website has no major attractions listed from December through May for the Shelton area. Mr. Bart suggested that during this time an indoor Rail Fest in conjunction with National Railroad Day, May 10, 2014, would be a way to bring people to downtown Shelton and promote tourism.

Consent Agenda
1. Vouchers numbered 82629 through 82642 in the amount of $15,571.08

Commissioner Olsen moved to approve the consent agenda; Commissioner Moore seconded the motion. A vote was taken and the motion passed.

Old Business
1. Department of Health $9,000,000 Grant/Loan – Public Works Director Clark and City Engineer Michael presented a PowerPoint and hand-out relating to the Water System Capital Improvements and Funding including what is needed and why. The why are regulations by Federal, State and City that protect public health. The how included providing sufficient sources (wells), storage (tanks), and distribution system (pipes). The three options presented are:
   - **OPTION # 1 – High Risk**
     - Not meeting our Regional Commitments
     - Health, Reliability, Fire flows, Development Moratoriums
     - Delays almost all system improvements beyond 15 years
     - Surely “Double-Digit Rate Increases” to Catch-Up even with potential to put monies aside to pay for the needed improvements
   - **OPTION # 2 – Some Risk $2.1M Grant and $2.1M Loan from DOH**
     - Provides water service to Washington State Patrol
     - Finish Angleside Booster Pump Project
     - Adds a few System Improvements
     - Rates must go up 3-5 percent annually to keep up with rising costs
     - Some projects delayed and may require higher rate increases in the future
     - **Some Risk** remains for Health, Reliability, Fire flows, Development Moratoriums
     - Construction Delay = Higher Future Costs with inflation
     - Bond and Interest Rates Higher on Loans
• Some potential for “Double-Digit Rate Increases” to Catch-Up

• **OPTION #3 – Lowest Risk for Longest Time** $2.1M Grant and $6.9 M Loan from DOH
  - Provide Service to Washington State Patrol
  - Finish Angleside Booster Pump Project
  - Finishes more of the Upper Mountain View Pressure Zone
  - Adds several System Improvements
  - Rates will go up no more than other options 3-5 percent annually
  - Delays the fewest projects
  - No foreseeable additional rate increases
  - **Lowest Risk** for Health, Reliability, Fire flows, Development Moratoriums

The Capital Improvements and Funding will build as much as the available resources will allow, take advantage of grants and low interest loans, reduce health risk and increase reliability.

Mayor Cronce recognized Ms. Heidi McCutcheon, Executive Director of Shelton Mason County Chamber of Commerce, who said the Chamber is very interested in how this project will affect our community and business community. Ms. McCutcheon asked if our system is failing now or is it short of requirements for building with regards to growth. She reminded everyone that with as many additional fees we have had that the unknown is scary and over planning for the future can cost more as well. Ms. McCutcheon requested the Commission be conservative in their decision and to do what is best for the community as a whole.

Mayor Cronce recognized Mr. Tom Bart who asked if we are building out the water supply and how does this affect recruitment of small businesses and companies that would increase our tax base and add jobs to our area.

City Administrator O’Leary responded that the City is limited on places to establish job based businesses. The City is working on the area where we have extended water and sewer lines and what part of this work does is pressurize the water line that extends to an area. This will help prepare the area for industrial businesses. This is included in Option #2.

City Engineer Michael said the next step is to get the final offer and grant/loan agreements. This award is a joint effort between the Public Works Trust Fund Board, Department of Health and Department of Commerce. CE Michael said we can expect draft agreements in the next week and then Commission action will be needed.

Commissioner Moore commented that she can appreciate the case for being financially conservative but we do have the responsibility to make the best long term decision that will do the most to provide infrastructure to facilitate growth. She would also like to avoid development moratoriums and likes the option for predictable interest and loan rates.

Commissioner Olsen said he researched other cities and found that cities with rapid growth were forced to borrow money at whatever the cost may be. He said that borrowing money for a low interest, long term and no payment until project is complete is like money in the bank. Commissioner Olsen said we need to be ready for growth.

Mayor Cronce said he is gun shy about borrowing another $7,000,000. He said he is not afraid of taking risks but this money belongs to the citizens. The options presented are based on assumptions and we are now $56,000,000 in the hole. He said he does not think we can get by doing nothing so maybe Option #2 is the best.

**New Business**

1. **Northcliff Sewer Connection Pipe Purchase** - City Engineer Michael said the Commission had previously discussed and authorized staff to proceed with the temporary connection of the Northcliff “Dry” sewer main to the system. Staff has found that even though the needed pipe is very commonly used in the construction of sewer and water conveyance systems, no existing contracts are active under our cooperative purchasing options for the pipe needed for this work. To meet State required purchasing procedures, staff advertised the opportunity of January 16th and January 23rd for proposals which are due Friday, January 31, 2014. CE Michael said to help expedite the purchase he is providing basic information today to allow for placement under Old Business for the meeting of February 3, 2014 for further discussion and action.
The Commission concurred to place the Northcliff Sewer Connection Pipe Purchase under Old Business for the meeting of February 3, 2014.

Administration Reports - None

General Public Comment
Mayor Crone recognized Mr. Forrest Cooper who said that at a previous meeting the Mayor had wanted public input/involvement with the options for the upcoming Water System Capital Improvements proposal. Mr. Cooper's concern was there only two public at the meeting and maybe a Commission newsletter would help to inform the citizens as to what is going in the City.

Mr. Cooper asked if the rate payers are providing for this water improvement for developers such as Hall Equities and how much is a developer’s responsibility? City Administrator O’Leary said some projects are growth related but these projects are not.

Mayor Crone recognized Ms. Kathy McDowell who expressed her concerns on borrowing $7,000,000. Ms. McDowell said the $2,000,000 grant and $2,000,000 loan would be the best option for the citizens of Shelton.

Mayor Crone recognized Ms. Marilyn Vogler who said the Commission should go for the $9,000,000 package with the low interest. Ms. Vogler said if it is good faith promise to be a 3-5 percent annual increase to the rate payers for water then the Commission should stick with that promise. She also encouraged staff to shop and hire locally for this project. Ms. Vogler’s final say was to borrow it, spend it and be fair.

Administrative Final Touches
- DH Goins – Shelton Hills Environmental Impact Statement
- DH Goins - SEPA Ordinance Update
- DH Goins – Planned Action Ordinance

Announcement of Next Meeting
Mayor Crone announced the next regular meeting Monday, February 3, 2014 at 6:00 p.m.

Adjournment
Mayor Crone adjourned the meeting at 3:15 p.m.

[Signature]
Mayor Crone

[Signature]
City Clerk Look