CITY OF SHELTON, WASHINGTON - CITY COMMISSION
Study Session Minutes – February 23, 2015 2:00 p.m.
Shelton Civic Center

Presiding: Mayor Cronce, Commissioner Olsen and Commissioner Moore
Staff Present: Dave O’Leary, Greg Clark, Steve Goins, Shelby Conklin, Cathy Beierle, Darrin Moody, Mike Michael and Lesleann Kangas

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

Commission Reports

One or more Commissioners will attend the following activities this week:
- Department of Ecology “C” Street Cleanup Meeting
- Lake Blvd Restoration Open House
- United States Department of Agriculture Rural Development Meeting regarding sewer funding
- Community Health Improvement Plan Board Meeting
- Mason County Board of Health Meeting
- Friends of the Shelton Pool Meeting

Public Comment - None

Old Business
1. Transportation Benefit District (TBD) – Public Works Director Clark said that this was presented in detail last week. DH Clark said there will be a public hearing on March 2, 2015 allowing for public testimony. He said that the TBD will give us money for roadway improvements. The money collected can only be spent on transportation. This will be administered through the Department of Licensing. The additional $20.00 license fee added will generate about $130,000 a year.

Commissioner Moore said she spoke with a person that was on the scoring committee for grant applications that we did not receive funds for and asked why the City of Shelton did not qualify for funds and what could we do to score higher on future funding requests. The answer was the City of Shelton has not taken advantage of raising sales tax and not done all that could be done to provide funding.

Mayor Cronce said he can’t support any further taxes for the citizens of this community.

Commissioner Olsen said he prefers to think of this as a future investment for our community not a tax.

Mayor Cronce recognized Mr. Forrest Cooper who said he commends Mayor Cronce for standing up for not wanting to add fees to the citizens. He said Commissioner Moore’s sales tax information should be researched more. Mr. Cooper asked for clarification on what type of vehicles would be taxed.

The Commission concurred to hold a Public Hearing for the Transportation Benefit District at the meeting of March 2, 2015.

New Business
1. Intergovernmental Services – Professional Services (Jail Expenditures) – Court Administrator Conklin said this budget item funds Jail Services for the City, which currently includes an Interlocal Agreements or Contracts with Mason County Jail, Forks Jail, and the Nisqually Jail. The Interlocal Agreement with Mason County Jail is the majority of the expenses. Two aspects of the Agreement with Mason County affect the costs, the average number of inmate days per month for inmates housed in the jail by the City, and the cost per day of the inmates as determined by the County, based on the cost of maintaining the jail facility. The average number of inmate days is fixed by determining the actual number of inmate days per month for the previous 12 month period and applying that to the following year (the time period reviewed is October through September). Throughout the year, the City then pays the County based on the determined average number of days multiplied by the rate per day to hold an inmate in custody. At the end of the year, the actual number of days served is again determined for the same time period, and adjustments, either downward or upward as the case may be, are made and the new monthly average.
number of inmate days as determined by the review in October, is applied to the following year. The County may also make an adjustment to the daily rate and the administrative booking fees, which occurred for 2014 in October of 2014. The daily rate went from $81.15, per day to in 2013, to $85.53 for 2014 and the booking fee increased by $1.08 per booking to $42.08 for 2014. As of today, we do not have the Mason County billing information for December, 2014. According to our review through October, the average number of days served per month is 180.54 with our corrections. The County’s jail billing for the same period sets the average at 199.29. Either way, the difference of the average number of days set by the agreement and the jail’s actual and/or our actual is within 10 percent, which negates an adjustment of the amount paid to the county. After reviewing the actual days served in 2012, the County paid an approximate $75,000 adjustment to the City for Jail costs, which was received very late in 2013 (December). That adjustment caused the expenditure for 2013 to appear artificially low and as it was also the basis for the 2014 budget; the 2014 budget was under-funded. Although noted and conveyed, no adjustment was requested because we had no communication from the County setting the jail rates for 2014 until October of 2014. At that same time we were beginning the process of reviewing the daily averages as well. Although the fact that the budget would be over-expended was communicated, a formal request for an adjustment was delayed until all of the information could be included making the budget modification request as accurate as possible. Unfortunately, we have not yet received a response to our reconciliation request from the County (nor do we have the 2015 jail rates). Also included in the expenditures are an additional 1298 days that were served in the Forks Jail at a cost of $58,410 and 33 days that were served in the Wapato Jail for an additional $1,650. The 2014 Intergovernmental Services Professional Services Budget was funded at $202,322.00. The estimated expenditure for that budget item is $255,928.20 for a difference of $49,606.20. Court Administrator Conklin requested the Commission authorize the budget amendment in the amount of $49,606.20 in the 2014 Intergovernmental Services Professional Services Budget.

Public Comment on Proposed Action Item - None

Director of Financial Services Beierle said the bill has been paid for 2014 and this is housekeeping for closing 2014 year end.

Commissioner Olsen moved to authorize the City Administrator to make the budget modification in the amount of $49,606.20 in the 2014 Intergovernmental Services Professional Services Budget; Commissioner Moore seconded the motion. A vote was taken and the motion passed.

Mayor Cronce suggested this be discussed further at the Commission Retreat of April 3, 2015.

2. Project Management Consultant Services – Professional Services Contract SCJ Alliance - City Engineer Michael reported that in order to provide timely and efficient design and construction of City projects and complete private development review, city staff needs to be periodically augmented through the use of on-call engineering and project management services. In 2013, the commission approved that the City enter into Professional Services on-call contracts with multiple consultants, one of whom is Jerome Morrissette & Associates (JWM&A). The general scope of services provided by JWM&A is construction engineering/technical support of Public Works projects by the consultant, via a dedicated staff person. Mr. Robert Tauscher was identified by JWM&A as the staff member dedicated to the City of Shelton and has worked in that capacity for a number of years, and is extremely knowledgeable of the City of Shelton projects and procedures. CE Michael said he was notified in January 2015 that Mr. Tauscher was leaving his employment with JWM&A and would no longer be available to provide project construction management services for the City. In order to ensure continuing project construction management availability, Staff prepared a standard RFQ in January 2015. Of the three 3 submittals received, the City received two responsive submittals from JWM&A and SCJ Alliance. It should also be noted that SCJ Alliance has entered into an employment agreement with Mr. Tauscher. After completion of the review process, the panel unanimously felt that SCJ Alliance was the best choice at this time for the work anticipated as Mr. Tauscher will be able to continue his project management support in his employment with SCJ Alliance. CE Michael said continued support by Mr. Tauscher is critical to ensure adequate oversight and compliance with project management and funding requirements. The City has negotiated a Professional Services Contract with SCJ Alliance to provide Project Management Services. No additional funds are required. Management Services will be transferred from the JWM&A to SCJ Alliance to reflect the personnel change and ensure continued project Management support from Robert Tauscher. CE Michael requested the Commission place the Professional Services Contract with SCJ Alliance on the consent
agenda for March 2, 2015, and that the Commission authorize the Mayor to sign the Contract on the Commission’s behalf when executed by the Consultant, and authorize the City Administrator to make any budget modifications necessary.

*The Commission concurred to place the Project Management Consultant Services – Professional Services Contract with SCJ Alliance on the consent agenda for March 2, 2015, authorizing the Mayor to sign and the City Administrator to make the necessary budget modifications.*

3. **Upper Mt. View Pressure Zone Design Services Amendment #10** – City Engineer Michael reported the City entered into a contract with Murray Smith & Associates in March 2013 to provide design services for the Upper Mountain View Pressure Zone project. At that time, the fee structure was based on a general market-based estimated cost for a series of anticipated improvements to the City’s water system. It was also expected that the designs would produce one set of bid documents, and that it would be completed and available for construction within 9 months, with construction completed within 18 to 24 months. CE Michael said since the work initially began, the Consultant (at the City’s request) evaluated the alternatives under consideration to ensure that the improvements would be the most efficient for the City; and prioritized the improvements and the sequences for design and construction of all the improvements. This was done to provide manageable-size projects that the City would be able to fund. As the design proceeded and funding issues were resolved, the timeline associated with the project slipped from 9 months to 2 years before the City would start work (potentially 4 years to construction completion) and the bid packages progressed from a single package to three packages at present. During this time, the discovery of endangered gophers and glitches within the review process at the state Department of Health also added time and costs to the project. In the original contract, Construction Services were identified to be between $110,000 - $140,000. As the project became better defined, the estimate for Construction Services was updated to $231,000. After on-going negotiations with City staff, and based on well-defined plans and expectation the current proposed budget is $216,122. Because of residual funding still available within the initial $1,500,000 budgeted amount, the current request for funds will result in an increase of $182,579. Much of the cost associated with this request comes from delays that occurred during design from unanticipated environmental issues (and the resulting administration of the project) and from the additional clarity of final design. The design contract was executed with Murray, Smith, and Associates on May 4, 2013, for the entire design effort. The approved budget for this contract is $1,548,470. The fee estimate for these design services is $182,579, bringing the contract total to $1,731,049. This scope amendment budget will not be exceeded without written authorization by the City. CE Michael requested the Contract Amendment #10 with Murray Smith and Associates in the amount of $182,579 for design services of the Upper Mt View Pressure Zone be placed on the consent agenda for March 2, 2015, authorizing the Mayor to sign and the City Administrator to make the necessary budget modifications. City Administrator O’Leary requested this be brought back under Old Business for the next meeting to further explain the dollar amounts.

*The Commission concurred to place the Contract Amendment #10 with Murray Smith and Associates in the amount of $182,579 for design services of the Upper Mt View Pressure Zone placed under Old Business for the agenda of March 2, 2015 for further discussion.*

4. **Basin 3 Construction Funding Options** – City Engineer Michael reported Basin 3 is the next identified sewer basin requiring rehabilitation for infiltration and inflow (I&I) problems in compliance with Ecology Administrative Order DE 96WQ-S182. Basin 3 is the final basin in the downtown area. This sewer basin extends north from Pine Street and includes some portions along Northcliff Road. Work will be primarily focused on the portion of the basin downtown, as much of the system along Northcliff is newer and in acceptable condition. Resolving I/I issues will improve the needed capacity of the City’s main wastewater treatment plant. Resolving I/I also eliminates the impacts of wastewater mixing with streams flowing into Oakland Bay and Hammersley Inlet, an important commercial shellfish area ultimately helping protect water quality and citizen health. Over the past discussions, there have been many questions specifically related to how this agreement could potentially affect our ability to take advantage of the potential positive outcomes of the Sewer Funding Coalition’s work. Some have been answered previously and others had not. Recently staff presented questions to Department of Ecology (DOE) to be sure that we had all of the most current answers. These communications lead to a phone conversation (and follow-up email) from the Financial Management Section Manager at DOE. In summary, the questions asked and corresponding answers were:
1) Are we required to use any of the loan funds to be able to make use of the grant funds?
   **DOE Answer:** There is no requirement in this funding agreement requiring that we use the loan funds to be able to use the grant funds.

2) How much flexibility is there in the 5-year completion date?
   **DOE Answer:** RCW and/or WAC require completion within 5 years of the publication date of the 2015 Final Water Quality Funding Offer List (June 30, 2014).

3) If the Sewer Funding Coalition is successful in getting changes to the Centennial Grant Program, including additional funding, would we be precluded in taking advantage of any additional funds made available?
   **DOE Answer:** Initial answer was “Unsure, talk to Jeff Nejedly, Financial Management Section Manager”.

4) Would a State Capital Appropriation adversely affect our current funding package?
   **DOE Answer:** “It would depend…” Standard practice would have the funding package reduced proportionally to maintain the current 31%/69% grant/loan mix. However, the Capital Appropriation can specify that it only supplant loan funds if that is the desire.

Discussions with Jeff Nejedly have further clarified items 3 and 4 as well as timing of executing the agreement. Mr. Nejedly informed me that there would be no negative repercussions to the City rescinding its acceptance of this funding package at a later date if that was required to take advantage of new rules or additional funding available in the Centennial Grant Program. He did suggest that our current plan to delay construction to the latest possible under the 5-year limit in conjunction with specific language in any legislation modifying the Centennial Program could allow the existing funding offer to be modified to take advantage of additional funding. On one final item, Mr. Nejedly has said that delaying execution of this agreement, in light of the current Coalition activities, would be acceptable. However, until the agreement is executed the grant funds, in particular, are open to be redirected by the legislature. CE Michael requested that **Basin 3 Water Quality Combined Financial Assistance Agreement** be placed on the consent agenda for Mar 2, 2015, authorizing the City Administrator to make any necessary budget modifications, and the Mayor to execute the contract.

**The Commission concurred to place the Basin 3 Water Quality Financial Assistance Agreement on the consent agenda for the meeting of March 2, 2015, authorizing the Mayor to sign and City Administrator to make the necessary budget modification.**

5. **Wastewater Treatment Plant Maintenance Building** – City Engineer Michael said at multiple Commission meetings staff has discussed various items of additional work that USDA-RD has approved for inclusion in the WWTP Improvements Project. Construction of a maintenance building and improvements to the biosolids building are the focus of this contract. Items of work include:
   1. Construction of a wastewater treatment maintenance building
   2. Modifications to the site biosolids building.
   3. Construction of water, sewer and electrical utilities.

   CE Michael said in January 2015, Requests for Quotations for the above work were advertised. Five (5) responsive bids were received, with Pease and Sons, Inc., submitting the low total base at $1,738,617.58. In order to keep within budget constraints, staff will award the minimum allowable to meet funding agency requirements, including bid additive items 3 and 4, modifications to the biosolids building. Total Bid Award requested: $1,125,445.69. Dependent on remaining budget available, Staff will issue change orders as necessary to adjust work performed. There is sufficient budget under the WWTP Project and this work has been identified by USDA-RD as eligible under grant funding provided by them. CE Michael requested the that the Commission award the WWTP Phase 4 Additional Improvements (Phase 3), in the amount of $1,125,445.69, to Pease & Sons, Inc.; authorize the Mayor to sign the contract, when returned from Contractor, and authorize the City Administrator to make any budget modifications necessary. City Administrator O’Leary requested this be brought back under Old Business for the next meeting allowing staff to correct the award amount.

**The Commission requested staff bring Wastewater Treatment Plant Maintenance Building back under Old Business for the meeting of March 2, 2015, for further discussion.**
6. Ordinance No. 1868-0315 – An Ordinance of the City of Shelton, Washington, Relating to Establishing Development Agreements Adopting New Chapter 20.55 to Title 20 of the Shelton Municipal Code – Community and Economic Development Director Goins reported the Washington Cities Insurance Authority (WCIA) performs an annual review and audit of Shelton, and in 2014 this entailed a land use liability audit. This resulted in several recommendations for code and policy changes for consistency with recent court and Growth Management Hearings Board decisions, and new statutory provisions. Staff has also identified portions of code which would benefit from an update, mostly to clarify and streamline the review, approval, and appeal processes. One of the WCIA recommendations for code and policy changes was to establish regulations for entering into development agreements. Revised Code of Washington (RCW) 36.70B.170 includes provisions that allow local governments to enter into development agreements with a person having ownership or control of real property within its jurisdiction, or for real property outside its boundaries as part of a proposed annexation. Development project proponents value the certainty that comes with securing approvals that authorize (and bind) the project to conditions of approval as set forth in a development agreement. Additional benefits include strengthening the public planning process, encouraging private participation and comprehensive planning, reducing the economic costs of development, and could facilitate infrastructure development. Development Agreements require adherence with existing policies and regulations, and allow project applicants to be reimbursed over time for financing public facilities. The regulations establishing procedures to enter into development agreements are required to be consistent with the applicable policies and goals of the city of Shelton’s comprehensive plan and all applicable development regulations adopted by the city pursuant to Chapter 36.70A RCW. The Commission may desire additional terms or conditions not specifically addressed in this draft, which staff could discuss further during the briefing report. DH Goins requested the Commission set a Public Hearing for March 16, 2015, to accept written and oral testimony on the proposed regulations.

The Commission concurred to hold a Public Hearing for Ordinance No. 1868-0315 at the meeting of March 16, 2015.

7. Ordinance No. 1867-0315 – An Ordinance of the City of Shelton, Washington, Amending Chapters 20.52 and 20.53 of the Shelton Municipal Code, Relating to Comprehensive Plan Amendments and Rezones – Community and Economic Development Director Goins said that as with Ordinance No. 1868-0315 the Washington Cities Insurance Authority (WCIA) performs an annual review and audit of Shelton, and in 2014 this entailed a land use liability audit. This resulted in several recommendations for code and policy changes for consistency with recent court and Growth Management Hearings Board decisions, and new statutory provisions. DH Goins said this has also identified portions of code which would benefit from an update, mostly to clarify and streamline the review, approval, and appeal processes. One of the WCIA recommendations for code and policy changes was to amend the provisions related to rezoning and comprehensive plan amendments. This incorporates a number of changes to the current provisions. As with prior amendments, the draft ordinance includes stricken and underscored language to assist with identifying the proposed amendments. Comments generated by Staff and the City Attorney are also included to help with context and to provide reasoning for the changes proposed. A second “clean” version is provided to assist with how the proposed ordinance language reads with the changes incorporated. DH Goins has wanted to address this portion of the SMC for some time; the WCIA annual review and audit has given this task a sense of urgency. The regulations as presently written have the potential for posing a host of issues and need to be amended. The amendments under consideration have been carefully considered by the City Attorney. DH Goins requested the Commission set a Public Hearing for March 16, 2015, to accept written and oral testimony on the proposed regulations.

The Commission concurred to hold a Public Hearing for Ordinance No. 1867-0315 at the meeting of March 16, 2015.

8. Ordinance No. 1866-0315 – An Ordinance of the City of Shelton, Washington, Amending Chapter 2.76 of the Shelton Municipal Code and Ordinance Relating to Historic Preservation - Community and Economic Development Director Goins said as with the two previously presented ordinances the Washington Cities Insurance Authority (WCIA) performs an annual review and audit of Shelton, and in 2014 this entailed a land use liability audit. This resulted in several recommendations for code and policy changes for consistency with recent court and Growth Management Hearings Board decisions, and new statutory provisions. Staff has also identified portions of the code which would benefit from an update, mostly to clarify and streamline the review,
approval, and appeal processes. DH Goins said one of the WCIA recommendations for code and policy changes was to amend the provisions related to the Historic Preservation Board. DH Goins said two key amendments are proposed: One amendment generally affects the structure of the Historic Preservation Board by revising the number of Board members (from 12 to 7), alters the appointment terms (all to three-year terms), and softens the requirement that two Board members be professional in the field. The second key amendment establishes provisions granting the Commission authority to remove Board members. The existing provisions are not all-inclusive, particularly regarding the potential appeal of Board decisions. However, the provisions are very faithful to the Department of Archaeology and Historic Preservation’s model ordinance, and have been adopted in similar form by other cities (like Walla Walla). Regarding an appeal of a Certificate of Appropriateness, there are likely two alternative scenarios:

1. When considering demolition of a structure on the historic register, the Board determines whether to waive the certificate of appropriateness. If they issue a waiver, the city grants the demo permit. If they deny the waiver, the applicant can appeal to the City Commission within 10 days, and then can take the matter to court. It’s possible a concerned citizen could appeal the granting of a certificate of appropriateness waiver, which Staff would process in the same manner.

2. When considering modifications of an existing structure, the Board determines whether to grant a certificate of appropriateness and if so, what conditions to apply. If the applicant agrees to the conditions, the certificate is granted and the building permit can be issued. The code does not say what happens if the applicant does not agree to the conditions or the certificate is denied. It stands to reason that the building permit would be denied and the applicant would have to appeal the denial to court under the Land Use Petition Act (LUPA).

The amendments under consideration have been carefully considered by the City Attorney.

DH Goins requested the Commission set a Public Hearing for March 16, 2015, to accept written and oral testimony on the proposed regulations.

*The Commission concurred to hold a Public Hearing for Ordinance No. 1867-0315 at the meeting of March 16, 2015.*

**Administration Reports**
City Administrator said he will continue with his meetings in Olympia. Mayor Cronce thanked City Administrator O’Leary for his continued hard work on the sewer coalition.

**General Public Comment**
Mayor Cronce recognized Mr. Forrest Cooper who apologized for comments he made at a previous meeting and thanked Public Works Director Clark and City Administrator O’Leary for meeting with him.

Mayor Cronce recognized Ms. Marilyn Vogler who spoke on the overcrowded jail and suggested judges find different punishments for the lesser offender such as community service and or ankle bracelets.

**Administrative Final Touches**
- DH Clark – Budget Modification Civic Center Roof
- DH Beierle – Housekeeping Budget Modifications

**Announcement of Next Meeting**
Mayor Cronce announced the next regular meeting of Monday, March 2, 2015 at 6:00 p.m.

**Adjournment**
Mayor Cronce adjourned the meeting at 3:46 p.m.

\[signature\]  
Mayor Cronce

\[signature\]  
City Clerk Look