CITY OF SHELTON, WASHINGTON - CITY COMMISSION
Study Session Minutes – May 12, 2014 2:00 p.m.
Shelton Civic Center

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

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

Commission Reports
- Shelton Kiwanis Club 90 Years – Proclamation – Management Assistant Look read this proclamation honoring the Shelton Kiwanis Club for their service to the community. MA Look presented the proclamation to Kiwanis member Mr. John Tarrant.

- Public Works Week – Proclamation – Commissioner of Public Work Moore read this proclamation honoring the City of Shelton Public Works Department. She presented the proclamation to Public Works Director Clark.

One or more Commissioners will attend the following activities this week:
- Housing Coalition Meeting
- Chamber After Hours/ The Shopper
- Stars Luncheon
- Law Enforcement Officers and Fire Fighters (LEOFF) Conference
- Judge/Senior High School Projects
- MACECOM Meeting

Public Comment
Community and Economic Development Director Goins read an email into the record from Ms. Katherine Price. Ms. Price stated she is trying to get a link to a copy of the Mason County Industrial Needs Analysis prepared for or by Mason County Economic Development Council. Her concerns are with continuing to move forward with the Memorandum of Understanding (MOU) between the City of Shelton, Mason County, Green Diamond Resource Company and Hunter Family, LLC. The MOU demonstrates that the County and City lack developable industrial-zoned lands and that no industrial-zoned properties in the County exist that are larger than 10 acres. She indicated she is tired of using taxpayer dollars to draw more air and water polluters to our already environmentally compromised community.

Consent Agenda
1. Northcliff Culvert Budget Modification – Authorize the City Administrator to make necessary budget modifications

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

Old Business
1. Water Utility Capital Project Scope and Funding Determination – Public Works Director Clark said he has presented the Options for the Water Utility Capital Project at multiple meetings and is recommending the Commission approve Option #3. He asked the Commission to choose an option allowing staff to move forward with the project. Option #2 is a $2.1M grant from Department of Health and a matching $2.1M loan. Option #3 is the $2.1M loan and a $6.9M loan at 1 percent interest.

Public Comment on Action Item
Mayor Cronce recognized the following who expressed their opposition to Option #3, in favor of Option #2, or any increase of water rates: Mr. Jim Throckmorton, Ms. Kathy McDowell, Mr. Andrew Spear, Ms. Bonnie Aldrich, Mr. Fred Crabtree, Mr. Richard Beckman and Ms. Heidi McCutcheon, on behalf of the Shelton Mason County Chamber of Commerce.
Mayor Cronce recognized the following that are in favor of Option #3: Ms. Marilyn Vogler and Mr. Charles Orthmann.

Mayor Cronce recognized Ms. Pat Vandehey who spoke on the waterlines out to the Correction Center and State Patrol, saying this was a beginning to extending to the Green Diamond, Hunter property which was trying to be included in the Urban Growth Area (UGA). Ms. Vandehey said if this is related to the topic today then the chart presented is incorrect due to the possible increase in the contract amount with EFI.

Commissioner Moore reminded all that water rates are increasing regardless of the chosen option. Her concern with Option#2 is the liability of the additional $5 million to meet the comprehensive plan is not predictable. She said that the City wants investors and if we do not have confidence in our future, what does that say. Commissioner Moore stated she is in favor of Option #3.

Commissioner Olsen said his decision is a financial one and for the greater good of the community. Decisions are tough but if we want a community that is moving into the future we need to be ready, not just for us but for future generations. He said that Option #3 will prepare us for growth.

**Commissioner Olsen moved to approve the following three items:**

1. Approve the funding offer presented by Washington State Department of Health/Public Works Board and authorize the Mayor or Commissioners to sign all appropriate documents on its behalf,
2. Approve the “option 3” construction package (as presented at the April 25, 2014 special meeting) for the Upper Mountain View Pressure Zone Improvements, directing staff to complete bid documents for the necessary work, and
3. Approve the pre-purchase contract with Engineered Fluids, Inc. and authorize the Mayor to sign on its behalf

Commissioner Moore seconded the motion, a vote was taken and Commissioners Olsen and Moore voted in favor of the motion, Mayor Cronce opposed. The motion passed with a 2-1 majority vote in favor.

Mayor Cronce stated he is not in favor of Option #3. He said he does not work for government or City staff, he works for the citizens of this community and going in further debt is not good for the community, saying the City needs to stop borrowing money. He said there is no assurance we will have the stated predictable growth. He is in favor of Option #2.

**New Business**

1. **Ordinance No. 1852-0614 – An Ordinance of the City of Shelton, Washington, Amending Chapter 15.28 of the Shelton Municipal Code Relating to Water Rates** – City Engineer Michael reported that to be consistent with the current financial plan of the utility, a new series of rate increase needs to be enacted. Staff has prepared a draft rate ordinance with a recommended rate structure of 3 percent for the remaining four months of 2014, 2015, 2016, and a four percent for 2017 and 2018. The proposed ordinance will correct issues with the imposed monthly service charge for private fire lines originally approved and adopted as part of the Washington State Patrol. CE Michael requested the Commission set a public hearing for June 2, 2014 on this matter.

   Commissioner Olsen asked if there are provisions in this ordinance for low-income seniors. Director of Financial Services Beterle referred to the section for this and said there is no provision for low-income households.

   Commissioner Moore asked that that be considered. City Administrator O’Leary said we would research state law on this matter.

   **The Commission concurred to set a public hearing for June 2, 2014 for Ordinance No. 1852-0614.**

2. **Ordinance No. 1848-0614 – An Ordinance of the City of Shelton, Washington, Amending Chapters 2.36 and 20.32 of the Shelton Municipal Code and Ordinances 1750-0709 and 1713-1207 Relating to Powers of the Hearings Examiner and Planned Unit Development** – Community and Economic Development Director Goins reported that in our annual Washington Cities Insurance Authority (WCIA) audit, several recommendations for code and policy changes for consistency with recent court and Growth management Hearings board decision, and new statutory provisions were presented. Staff also has identified portions of code which would benefit
from an update, mostly to clarify and streamline the review, approval and appeal processes. Staff’s recommendation is to amend Shelton Municipal Code (SMC) 2.36, the powers and duties of the Land Use Hearings Examiner, and SMC 20.32, PUD-Planned Unit Development. The amendments are intended to:

1. Remove limitations that presently exist regarding the locations for PUDs, and the types of land uses allowed;
2. Remove the second step in the PUD process, to clarify and streamline the approval process;
3. To better facilitate creative project design by confirming projects may incorporate land uses which vary from those permitted in the underlying zone, and;
4. To clarify the roles and authority of the Hearings Examiner and City Commission.

DH Goins requested the Commission set a public hearing for June 2, 2014 to accept written and oral testimony on the proposed amendments.

The Commission concurred to set a public hearing for June 2, 2014 for Ordinance No. 1848-0614.

5. Ordinance No. 1850-0614 – An Ordinance of the City of Shelton, Washington, Amending Chapter 20.66 of the Shelton Municipal Code and Ordinance 1483-1197 Relating to Wireless Communications Facilities – Community and Economic Development Director Goins said this is another recommendation resulting from the WCIA audit. In this instance staff has proposed amending SMC 20.66, Wireless Communications Facilities. The provided amendments are intended to:

1. Ensure that the SMC does not include provisions which would discriminate among service providers;
2. Address recent updates to the State Environmental Policy Act (SEPA), the Revised Code of Washington (RCW), and the Nationwide Programmatic Agreement for the Collocation of Wireless Antennas;
3. Address the FCC’s 2009 Declaratory Ruling, recent Supreme Court decisions regarding wireless communication facilities, and the Middle Class Tax Relief and Job Creation Act of 2012.

DH Goins requested the Commission set a public hearing for June 2, 2014 to accept written and oral testimony on the proposed amendments.

The Commission concurred to set a public hearing for June 2, 2014 for Ordinance No. 1850-0614.

6. Ordinance No. 1851-0614 – An Ordinance of the City of Shelton, Washington, Amending Chapter 20.49 of the Shelton Municipal Code and Ordinance 1311-191 Relating to Site Plan Review Procedures – Community and Economic Development Director Goins reported on another recommendation relating to the WCIA audit. Staff’s proposal is to amend SMC 20.49, Site Plan Review Process. The proposed amendments are intended to:

1. More clearly state the intent and purpose for Site Plan Review;
2. More clearly state when Site Plan Review is required;
3. Refine and update the application submittal requirements and processing;
4. More clearly state the effect of Site Plan Review approval;
5. Remove impractical revocation procedures, and;
6. Clarify the appeal process.

DH Goins requested the Commission set a public hearing for June 2, 2014 to accept written and oral testimony on the proposed amendments.

The Commission concurred to set a public hearing for June 2, 2014 for Ordinance No. 1851-0614.

Administration Reports
City Administrator O’Leary turned the meeting over to City Engineer Michael for the following updates:

1. Traffic Impact Fees (TIF) Annual Report – City Engineer Michael said that the following summary information is being provided in compliance with the requirements of Shelton Municipal Code (SMC) 17.12.090E. SMC 17.12.090E requires an annual report on the activities of the TIF. He reported that in 2013, three residential and two commercial permits were issued for which the TIF was collected. The total income to the TIF account in 2013 was $31,419.99 and total income to-date is $149,591.64. Staff has considered the status of various comprehensive plan elements and capital facility plans and believes a detailed analysis of the project list is warranted prior to any update. Also, staff is evaluating issues related to the timing of such an analysis and update and will bring additional information forward at a later date on this subject. No TIF monies are currently in jeopardy of being returned. The oldest monies were collected in 2009, totaling $3,236.10, and will expire in mid-2015. To date, $2,000 was expended for staff performing a preliminary analysis of the intersection capacity project at First and Alder (project 1-3). CE Michael said it appears that a project, likely including the
channelization portion in the TIF Project List, would be worth pursuing in the short term to enhance traffic flow. It is likely that such an effort would make sense to complete during the restoration efforts needed for the Basin 3 project in that area. The final step in the annual review of the TIF System is to adjust the base, per trip, impact fee in accordance with SMC 17.12.050B. This annual adjustment is included to allow the revenues collected over time by the TIF to continue to commensurate with current construction costs. The Engineering News Record Construction Cost Index as identified in SMC 17.12.050 was consulted and a 2.9 percent increase was applied to the base new trip fee. CE Michael said a copy of the revised TIF Schedule and additional information, including the Project List, is available at the Public Works office.

*The Commission thanked CE Michael for the update.*

2. **Wastewater Treatment Plant Update**— City Engineer Michael reported on the ongoing various enhancements, corrections, and completion items as part of the Waste Water Treatment Plant Project. These items originally included:

1. Completion of the pavement restoration along Fairmount Ave.
2. Design and construction of the components necessary to place the second centrifuge in service.
3. Design and construction of additional controls in various systems to allow for greater remote operation and monitoring of the system.
4. Additions to the SCADA operating system to allow automation of various functions that would allow for additional efficiencies and cost savings through reduced peak demand charges for electrical usage.
5. Installation of the second 3mm fine screen in the Headworks facility.
7. Addition of additional storage and staff space as identified in the original facility plan presented to USDA. This building would be adjacent to the biosolids building and could be completed to any level and be used for current or future equipment storage and staff needs.
8. Addition of an "air gap" facility at the Biosolids building per Water Department! CCS request.
9. Completion of disputed/incomplete work remaining after the settlement with Stellar J Corporation.

These items include:

a. Correction of code compliance issues with the Control Building HVAC system.

b. Correction of electrical system installation items that do not meet industry standard (and may be code compliance issues).

c. Completion of misc. control wiring within various buildings.

d. Other minor pick-up items — some are suited to be done as part of routine maintenance.

Item #1 was completed during the fall of 2013 and item #9 will be complete later this month. Items #2, #5, and #8 have been packaged into the final mechanical upgrades contract, which was released for bidding last week. This contract also includes some large equipment components necessary for Parametrix to use as part of their work on items #3 and #4. Parametrix was given a contract extension to complete the remaining portions of items #2, #3, #4, #5, #6, and #8.

The following potential costs will need to be taken from the remaining USDA-RD funding package contingency line:

a) The mechanical upgrade contract has anticipated being between $1.6M and $2.2M.

b) Parametrix recently provided cost estimates for item #7, including design, construction and related services, ranging between $1.78M and $2.375M.

c) Operation staff has also identified two additional pieces of equipment, a small portable pump and small portable vacotor machine that would significantly enhance the efficient operation and maintenance of the plant. Both pieces combined are estimated to cost approximately $134,000.

d) One additional item, completion of frontage improvements at the Front Street Pump Station was not discussed at that time as efforts to create a partnership of local property owners affected by the greater needs along Front Street was underway. This effort has stalled and the frontage improvement is now back under consideration as well. This effort is currently estimated to cost in a range between $275,000 and $325,000. This work effort has not been officially approved by USDA-RD at this time. Staff has briefly discussed options in the past but not pursued approval...
A letter to Dave Dunnell, State Engineer for USDA-RD will be draft in the next several days to secure approval of the work effort under the funding package.

Total $3.79M to $5.03M

As of December 31, 2013, the remaining contingency amount left in our funding package with USDA RD was approximately $3.6M. Staff is asking for the Commission to reconfirm its direction from May 2013 on proceeding with the remaining work. Specifically, staff would at this time recommend proceeding with items a, c and d and as contracts are executed for these items reevaluate item b.

*The Commission thanked CE Michael for his report and supported his recommendations.*

**General Public Comment** - None

**Administrative Final Touches** - None

**Announcement of Next Meeting**
Mayor Cronce announced the next regular meeting of May 19, 2014 at 6:00 p.m.

**Adjournment**
Mayor Cronce adjourned the meeting at 3:35 p.m.

[Signatures]
Mayor Cronce  
City Clerk Look