

CITY OF SHELTON, WASHINGTON - CITY COMMISSION
Business Meeting Minutes – July 18, 2011 6:00 p.m.
Shelton Civic Center

Presiding: Mayor Tarrant, Commissioner Byrne and Commissioner Pannell

Staff Present: Dave O’Leary, Vicki Look, Steve Goins, Cathy Beierle, Dennis McDonald and Lesleann Kangas

Mayor Tarrant called the meeting to order at 6:00 p.m.

Commission Reports

One or more Commissioners will attend the following activities this week:

- Mason Transit Authority Finance Committee Review Meeting
- Law Enforcement Officers and Fire Fighters Board Meeting (LEOFF)
- Kristmas Town Kiwanis Budget & Project Update Presentation
- Mason Matters Board Meeting
- Coffee with Seniors at Senior Center
- Shelton Mason County Chamber of Commerce Meeting
- Department of Ecology Briefing on the John’s Basin Water Issues
- Mason Transit Reception for Fran Arnold
- Criminal Justice Work Team Meeting
- MACECOM Legislative and Governing Board Meetings

Public Comment

Mayor Tarrant recognized Mr. Conley Watson who asked the Mayor about the County Commissioner’s decision on the sales tax for public safety. Mr. Watson also asked if the City of Shelton put this on the ballot for City residents how much would it cost.

Mayor Tarrant responded that the City would have an option to place the sales tax for public safety on the ballot allowing the citizens the right to choose. He said he was not sure of what the additional cost would be to add this to the ballot.

Mayor Tarrant recessed out of the regular meeting and opened the Public Hearing at 6:06 p.m.

Public Hearing - Resolution #1023-0711- A Resolution of the City of Shelton, Washington Adopting the Comprehensive Six (6) Year Transportation Improvement Program for the City of Shelton for the Years 2012 through 2017 – Public Works and Community and Economic Development Director Goins said this is a report prepared annually on behalf of our transportation commitments and for coordinating with Washington State Department of Transportation (WSDOT) for funding of those projects. This is a wish list for City transportation projects City wide. The list has not changed significantly from the list the Commission considered last year. The projects have been prioritized differently, identifying where funding has been secured. This list can be amended annually. There are a great deal of projects and not a lot of funding sources. The City cannot get funding and move forward with a project without the list being adopted. DH Goins requested this be placed on the consent agenda for July 25, 2011:

Commissioner Pannell commented that this list is evaluated yearly and we have seen items on the list accomplished. Some examples are North Cliff Road and Olympic Highway South. The ranking order is not quite as important as just being on the list. To receive funding for important projects, the list has to be in place and updated annually.

Mayor Tarrant said that some items already have some approved funding, one of them being the proposed K Street project. He asked the public if they had any comments of items on the list.

Public Testimony

Mayor Tarrant recognized Mason Transit General Manager Mr. Dave O'Connell who said Franklin Street, which is on the list, is the site of Transit's project at the old Shelton Armory. This project has been on the work list for a long time. The Community Transit Center is a very important project to Mason Transit and the City of Shelton therefore, moving up on the list would be beneficial.

Commissioner Byrne moved to close the public hearing at 6:13 p.m., Commissioner Pannell seconded the motion. A vote was taken and the motion passed.

As there were no other comments the item was placed on the Consent Agenda of July 25th, 2011.

Consent Agenda

1. Vouchers numbered 75709 through 75813 in the amount of \$260,018.32
2. Manual Warrant numbered 75516 in the amount of \$10,283.03 to Key Bank
3. Payroll Warrants numbered 64809 through 64859, 64861 through 64872, 64876 and 64879 through 65036 in the amount of \$674,478.07
4. Transfer and Banking Fees in the amount of \$6,937.74
5. Transfer and Banking Fees in the amount of \$34,849.90
6. Commission Meeting Minutes:
 - Business Meeting of July 5, 2011
 - Study Session of July 11, 2011

Commissioner Byrne moved to approve the consent agenda as read; Commissioner Pannell seconded the motion. A vote was taken and the motion passed.

Old Business - None

DH Goins raised his hand and was recognized by Mayor Tarrant. DH Goins requested adding an item to the Agenda under New Business. DH Goins requested a letter to the Federal Transit Administration be added to the agenda under New Business. The Commission concurred.

New Business

1. **City of Shelton/Mason County Transit Authority (MTA) Letter of Support** - Public Works and Community and Economic Development Director Goins said this letter to the Federal Transit Administration supports requested funding to renovate the old armory facility into the Mason Transit Community Center. Mayor Tarrant read the letter stating this project is consistent with the City's vision to enhance and improve this area for public access and safety. The City is coordinating with MTA to include street and sidewalk frontage improvements related to this project improving the connections of this site with downtown Shelton. This facility is centrally located and will serve as a transit hub for public access to schools, the Senior Center, the core retail district, Mason County offices and courthouse, as well as City offices and the Civic Center. The City of Shelton supports MTA's application and requests favorable action by the Federal Transit Administration.

Commissioner Byrne moved to authorize the Mayor to sign the Mason County Transit Letter to Federal Transit Administration requesting funding to renovate the old armory facility; Commissioner Pannell seconded the motion. A vote was taken and the motion passed.

2. **Shelton Well #1 Treatment Project – FY2013 Public Works Trust Fund (PWTF) Loan Application** – Regional Projects Manager (RPM) McDonald explained that this is a loan application to the PWTF Board that the City has utilized for many of its projects. RPM McDonald presented a revised version of the application, which was printed for the packets. Revisions include a change in the amount and funding for the design and construction of treatment and storage for Well #1. This project, identified in the Shelton Water System Update

Plan 2010, would provide a method to remove odor and bad taste from Well #1 water caused by iron and hydrogen sulfide. This project will also include an additional tank (500,000 gallons) for the treatment process and storage. This will allow the City to use Well #1 to its full capacity and be utilized for current and future development needs. Funding would be used to complete the design bid documents in 2012 for construction on 2013. The total cost amount is \$3,188,200 with a City match of \$159,410, 20.00 and a 20 year loan at two percent interest. The application is due July 21, 2011. RPM McDonald requested that the Commission authorize the Mayor to sign the PWTF Loan Application.

Commissioner Pannell moved to authorize the Mayor to sign the PWTF Loan Application due July 21, 2011 for Well #1; Commissioner Byrne seconded the motion. A vote was taken and the motion passed.

Mayor Tarrant recognized Ms. Maggie Skov who asked if the levels of iron and sulfides are a health risk. RPM McDonald said it is not a health risk it is a matter of taste and smell.

3. Resolution #1024-0711 – A Resolution of the City of Shelton, Washington, Declaring the Award of the SWRP Membrane Installation Contract to be clearly and Legitimately Limited to a Sole Source, and Waiving Competitive Bidding Requirements for such a Contract – Public Works and Community and Economic Development Director Goins said this resolution is declaring a sole source of supply for the installation of the replacement membrane plates at the Satellite Water Reclamation Plant (SWRP). Staff is currently aware of only one contractor in the region, Triple S Excavation that is certified as a service provider by the original treatment equipment manufacturer, Ovivo. Sewer staff or an approved service provider needs to complete the current work to assure that all existing warranties on the equipment are not jeopardized. Utilizing sewer staff is not preferred as they do not have sufficient time due to other priorities. A quote, in the amount of \$20,282.18 has been received from the Triple S Excavation to perform the work. DH Goins requested the Commission approve Resolution #1024-0711 and move forward with the work.

Mayor Tarrant requested a reading of Resolution #1024-0711 as follows:

Resolution #1024-0711 – A Resolution of the City of Shelton, Washington, Declaring the Award of the SWRP Membrane Installation Contract to be clearly and Legitimately Limited to a Sole Source, and Waiving Competitive Bidding Requirements for such a Contract

Commissioner Pannell moved to adopt Resolution #1024-0711; Commissioner Byrne seconded the motion. A vote was taken and the motion passed.

4. Ordinance No. 1786-0711 – First Reading - An Ordinance of the City of Shelton, Washington, Enacting a New Chapter 3.64 to the Shelton Municipal Code, Establishing a Brokered Gas Use Tax – Director of Financial Services Beierle said that the City of Shelton has an existing gas utility occupation tax, or Gas Distribution Tax as it is referred to in the Shelton Municipal Code 3.39, that is assessed at six percent. This tax covers sales and distribution of natural, artificial or mixed gas. The City now needs a Brokered Gas Use Tax in order to continue taxing brokered natural or artificial gas sales as allowed by RCW 82.14.203. The taxes collected under this ordinance will be paid by the gas consumer to the State of Washington Department of Revenue, who would then remit to the City as a use tax. The rate will be the same as for the gas utility occupation tax. The gas consumer would be exempt from this use tax if their supplier already pays the gas occupation tax on the supplied artificial, natural or mixed gas under Shelton Municipal Code 3.39. Utility tax is an important part of the revenue stream that supports general government function. This ordinance protects that necessary revenue. DH Beierle said that if this ordinance is passed it would allow the City to assess a gas tax on all natural or artificial gas sales at a consistent rate, regardless if the sales are direct or brokered. If the Brokered Gas Use Tax is not implemented, the City would lose an estimated \$9,000 of revenue each year. DH Beierle requested a first reading of Ordinance No. 1786-0711 and to place it on the consent agenda for July 25, 2011 for a second reading and passage.

Mayor Tarrant requested a First Reading of Ordinance No. 1786-0711 as follows:

Ordinance No. 1786-0711 – First Reading - An Ordinance of the City of Shelton, Washington, Enacting a New Chapter 3.64 to the Shelton Municipal Code, Establishing a Brokered Gas Use Tax

The Commission concurred to place Ordinance No. 1786-0711 on the consent agenda July 25, 2011 for a Second Reading and adoption.

5. **Capital Hill Sewer Assessments** – Director of Financial Services Beierle explained that in 1995 the City of Shelton extended sewer service to the Capital Hill area. At that time, the City offered grant opportunities to low-income property owners and financed payment plan to the other property owners. For those who did not connect in 1995, an ordinance reflected a fee schedule of what the connection charges would be in each future year, and required all developed properties to connect to the City sewer system by the year 2005. The owners of five houses were offered a new City financed payment plan to assist them in complying with the requirement to connect to the City sewer system. One of the owners was able to pay for the connection and the other four submitted a Capital Hill Sewer Connection 2005-2006 Construction License and Installment Agreement in December 2005, which obligated them to pay all costs and fees as outlined in the installment plan agreement and interest over a ten year period beginning June following the completion of construction. The connections were completed in 2006 and the first installment was due June 2007.

Of the original 1995 City financed payment plans, only one property owner has a delinquent outstanding balance and all others are paid in full. This payment plan has completed its ten year term. A letter will be mailed to the property owner, of this delinquent account detailing their obligation and filing of a lien on the property and potential foreclosure. CA Beierle requested the City Administrator be authorized to waive late penalties for prompt payment of the principal balance, and interest due on the delinquent account.

The second group of City financed payment plans, consisting of four property owners, has only one owner making timely payments and the other three are delinquent, of which two have made no payments to date. This payment plan is in the fifth year of its ten year term. A letter will be mailed to all three delinquent property owners reminding them of their obligation, notifying them that a lien will be filed on their property unless full payment of their past obligation is received. There is also a potential for foreclosure if delinquent charges remain after the lien is filed. CA Beierle then requested the City Administrator be authorized to waive late penalties for prompt payment of the outstanding balance and interest due on the delinquent accounts and negotiate a new payment plan for each to allow payment of this debt in installments rather than all at once, not to exceed five years. This would result in the debt being paid off within the original 10 year period. CA Beierle requested the Commission authorize the City Administrator be authorized to waive late penalties for both Capital Hill Sewer connection payment plans and to negotiate new payment plans to replace the later Capital Hill Sewer Connection payment plan, limiting the length of the new payment plan to the remaining five years left on the existing payment plan.

City Administrator O'Leary said that one of the properties is in bankruptcy so it's possible that the City will not be able to collect.

Commissioner Byrne commented that he thinks it is important to clarify that this is a rare opportunity and not one that is setting precedence.

Commissioner Byrne moved to authorize the City Administrator to waive late penalties for Capital Hill Sewer Connection Project and negotiate a payment plan; Commissioner Pannell seconded the motion. A vote was taken and the motion passed.

Administration Reports

City Administrator O'Leary reported that he has been working on the budget and the analysis shows we are not in great shape, but in better shape than we have been. He also said he would be out of the office July 25th through July 29th. He said he is working with staff to schedule budget presentations to employees, civic organizations, and candidates that have filed for the position of Mayor and Commissioner of Finance and Accounting.

Public Comment - None

Administrative Final Touches


- DH Beierle – Budget Modification/Fire Protection Services
- DH Beierle reminded everyone that the new water rates and utility tax will be effective this billing

Announcement of Next Meeting

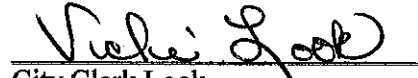
Mayor Tarrant announced the next regular Shelton Metropolitan Park District Meeting and City Commission meeting of Monday, July 25, 2011, beginning at 1:45 p.m.

Adjournment

As there was no further, business the meeting was adjourned at 7:10 p.m.



Mayor Tarrant



City Clerk Look