CITY OF SHELTON, WASHINGTON - CITY COMMISSION  
Business Meeting Minutes – November 19, 2012 6:00 p.m.  
Shelton Civic Center

Presiding: Mayor Cronce, Commissioner Olsen and Commissioner Pannell  
Staff Present: Dave O'Leary, Vicki Look, Cathy Beierle, Steve Goins, Dennis McDonald and Lesleann Kangas

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

Mayor Cronce announced that Item #3 under New Business will be removed from tonight’s agenda.

Commission Reports
- Shelton Mason County Chamber of Commerce Second and Third Quarter Reports – Shelton-Mason County Chamber of Commerce Executive Director Ms. Heidi McCutcheon presented a report on the number of visitors served in the second and third quarters of 2012. The report highlighted the tourism efforts made on behalf of the City of Shelton by the Shelton-Mason County Chamber of Commerce such as the three new commercials showcasing our area. Ms. McCutcheon thanked the City of Shelton for the opportunity to partner with them in promoting tourism. She presented the second and third quarter receipts for lodging and tax funds as per the Shelton-Mason County Chamber of Commerce contract with the City of Shelton for 2012.

One or more Commissioners will attend the following activities this week:
- Mason Transit Authority Board Meeting

Public Comment – None

Mayor Cronce recessed the regular meeting and opened the Public Hearing at 6:09 p.m.

Public Hearing – FY 2013 Community Development Block Grant (CDBG) – General Purpose Grant Program – Regional Projects Manager McDonald reported that the CDBG program provides fund, through a competitive application process, to assist small cities and counties to conduct projects principally benefiting low-and moderate-income persons. These funds are for projects focused on public facilities, infrastructure, community centers, and micro-enterprises. Before the City can submit an application, the process requires the City to inform the community through a Public Hearing of the CDBG program and potential opportunity for local organizations of partnering with the City to submit an application. If the City receives more than one application the City Commission is responsible for reviewing and selecting a single application, due January 31, 2013. RPM McDonald said he will be available for any questions from those interested in applying for the grant at the Commission meeting of November 26, 2012.

Public Testimony - None

Mayor Cronce closed the Public Hearing at 6:22 p.m.

Consent Agenda
1. Vouchers numbered 79697 through 79794 in the amount of $1,553,004.98
2. Payroll Warrants numbered 68028 through 68234 in the amount of $593,700.60
3. Commission Meeting Minutes from:
   - Study Session of October 22, 2012
   - Study Session of October 29, 2012
   - Business Meeting of November 5, 2012
4. STOP Violence against Women Formula Grant Program – Authorize the Mayor to sign
5. Ordinance No. 1820-1212 – Second Reading - An Ordinance of the City of Shelton, Washington, Providing for the Acquisition of Certain Properties for the Improvement of the Water Utility; Providing for the Condemnation, Appropriation, Taking and Damaging of Land and other Property Rights Necessary for the Public Use

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

**Old Business** - None

**New Business**

1. **Energy Efficiency Grant with the State Department of Commerce** – Public Works and Community and Economic Development Director Goins said that in 2011 the City entered into a contract with Sunset Air, Inc. to provide an Investment Grade Audit (IGA) for the Civic Center. The IGA identified several options for providing an energy savings upgrades to the Civic Center, including financing and payback options. In April 2012, the Commission authorized contracting for project design and construction services with Sunset Air, Inc. utilizing the self-performance, open book approach for contracting this work. Staff concurrently proceeded with identifying and securing project funding, including the subject grant with the State Department of Commerce (Commerce). The entire contract for all energy saving upgrades is $425,660. The Energy Efficient Grant Award is $106,415, 25 percent of the total cost. This will reduce the funding provided by the City for this project to $225,852, including anticipated incentives from Public Utility District #3 and Cascade Natural Gas. DH Goins requested the Commission place the Energy Efficiency Grant with the State Department of Commerce on the consent agenda for November 26, 2012, authorizing the Mayor to sign.

*The Commission concurred to place the Energy Efficiency Grant with the State Department of Commerce on the consent agenda for November 26, 2012 authorizing the Mayor to sign.*

2. **Ordinance No. 1814-1112 – First & Final Reading - Water & Sewer BAN - Interim Financing for the upgrades to the sewer collection system** – Director of Financial Services Beierle presented this water and sewer Bond Anticipation Note (BAN) ordinance that provides interim financing for the upgrades for the sewer collection system. Currently we are constructing our Basin 5 sewer project which began in 2007 with the design. The design and construction of this project is one phase of the ongoing work to comply with the State Department of Ecology’s I&I reduction order. We are currently using Public Works Trust Fund (PWTF) money to pay the incurring costs. The entire project is made up of a number of different funding sources. At this time, we have completed approximately 60 percent of the cost of the project, utilizing most of the PWTF loan monies and need access to the United States Department of Agriculture Rural Development (USDA-RD) funding. In order to gain access this BAN needs to be issued, in the form of a line of credit, which will be repaid by the bond purchased by USDA-RD. Interim financing is necessary to pay the costs of the project since the USDA-RD loan will not be available until the project is substantially complete or the limits of the interim financing agreement have been reached. West Coast Bank was selected to provide the interim financing; and, the City’s bond counsel, Foster Pepper, LLC, has prepared this ordinance to authorize the issuance of a bond to pay the costs of the upgrades to the sewer collection and to authorize the issuance of a bond anticipation note pending the issuance of the bond for USDA-RD in the principal amount of not to exceed $7,546,000. The term of the BAN is 30 months, with a variable rate of 1.00 percent as of October 31, 2012. DH Beierle requested a First and Final Reading of Ordinance No. 1814-1112.

**Public Comment on Action Item** - None

*Mayor Cronce requested a First and Final Reading of Ordinance No. 1814-1112 as follows: An Ordinance of the City of Shelton, Washington, relating to the waterworks utility of the City, including the system of sewage as a part thereof; establishing a non-revolving line of credit and providing for the issuance and sale of a water and sewer revenue bond anticipation note in the principal amount of not to exceed $7,546,000 to evidence the line of credit to provide interim financing for upgrades to the sewer collection.*
system and related improvements; and fixing the terms and covenants of the note.

Commissioner Pannell moved to approve Ordinance No. 1814-1112, Commissioner Olsen seconded the motion. A vote was taken and the motion passed.


Ordinance No. 1816-1112 — First Reading – An Ordinance of the City of Shelton, Washington Relating to Business and Occupation Tax; Amending Shelton Municipal Code Chapter 3.52 Entitled “Business and Occupation Tax” Making Changes to the Procedures for the Assessment and Collection of Business and Occupation Taxes — DH Beierle reported that in the 2003 session, the Legislature passed EHB 2030 (Chapter 79, Laws of 2003), the City Business and Occupation (B&O) legislation. This new law required the 39 cities with local B&O taxes, to implement a modified version of the city B&O tax model ordinance by December 31, 2004. The provisions to adopt an allocation and apportionment methods for distributing the tax to multiple taxing jurisdiction delayed until January 1, 2008. The City of Shelton adopted those provisions. A new update to the B&O tax model ordinance has been made to include changes to RCW 35.102 and to reflect other changes made to state law since 2008. The revised model ordinance that reflects six changes to the 2007 model, primarily reflecting changes in state law are:
- Digital Goods definitions and apportionment
- Board of Director licensing and tax
- “Super Nexus” provision repeal
- Insurance business redemption
- First mortgage deduction
- Confidentiality

The first five items are required and the last item “Confidentiality” is highly recommended. The required changes must be implemented and effective January 1, 2013. If these changes are not in effect at that time, collection of B&O taxes must be stopped until these requirements are met. Additionally, the language for the City’s bank return fee was updated to reference the resolution that adopts; the fee schedule rather than stating an amount. DH Beierle requested a First Reading of Ordinance No. 1815-1112 and 1816-1112, and place both ordinances on the consent agenda for a Second Reading and approval on November 26, 2012.

Mayor Cronce requested a First Reading of Ordinance No. 1815-1112 and 1816-1112 as follows:


Ordinance No. 1816-1112 - An Ordinance of the City of Shelton, Washington Relating to Business and Occupation Tax; Amending Shelton Municipal Code Chapter 3.52 Entitled “Business and Occupation Tax” Making Changes to the Procedures for the Assessment and Collection of Business and Occupation Taxes

The Commission concurred to place Ordinance No. 1815-1112 and 1816-1112 on the consent agenda for a Second Reading and approval for November 26, 2012.

Administration Reports — None

Public Comment — None

Administrative Final Touches
- DH Goins – Easement Agreement with Washington State Patrol
Announcement of Next Meeting
Mayor Cronce announced the next regular meeting of Monday, November 26, 2012, at 2:00 p.m.

Adjournment
As there was no further business the Commission business meeting was adjourned at 6:40 p.m.

Mayor Cronce

City Clerk Look