

**GRANDVIEW CITY COUNCIL
REGULAR MEETING MINUTES
OCTOBER 25, 2011**

1. CALL TO ORDER

Mayor Pro Tem Pam Horner called the regular meeting to order at 7:00 p.m. in the Council Chambers at City Hall.

Present were: Mayor Pro Tem Horner and Councilmembers Diana Jennings, Bill Moore and Joan Souders. Mayor Norm Childress, along with Councilmembers Mike Bren, Jesse Palacios and Javier Rodriguez were absent.

Staff present were: City Administrator/Public Works Director Cus Arteaga, City Attorney Quinn Plant, Parks & Recreation Director Mike Carpenter, City Treasurer John Myers and City Clerk Anita Palacios.

2. PLEDGE OF ALLEGIANCE

Cookie Shannon led the pledge of allegiance.

3. PUBLIC COMMENT - None

4. CONSENT AGENDA

On motion by Councilmember Moore, second by Councilmember Jennings, Council unanimously approved the Consent Agenda consisting of the following:

- A. Minutes of the October 11, 2011 regular meeting**
- B. Claim check Nos. 99099-99191 in the amount of \$295,391.97**
- C. Payroll check Nos. 58754-58835 in the amount of \$168,217.87 for the October 1, 2011 through October 15, 2011 payroll**
- D. Street Closure Request – Approve street closure for the 100 block of Division Street on October 28 & 29, 2011 for the 7th Annual Haunted House and Halloween Carnival sponsored by the Miss Grandview Program and Grandview Community Float Committee**

5. ACTIVE AGENDA

A. Community Center Facility and Component Names

In the spring of 2011, the Community Center Advisory Committee was formed with the main purpose of forwarding recommendations to Council as they pertain to the new Community Center at the Country Parks Event Center. The first recommendation to Council from the Community Center Advisory Committee entails the naming of said facility. The Community Center Advisory Committee recommended Council approve the name of the facility as the "Grandview Community Center." Further, the Committee recommended that the wing of the facility to include the dining and kitchen areas be named the "Stevens-Young Wing" to honor the lives of Carl Stevens and George Young.

On motion by Councilmember Souders, second by Councilmember Moore, Council unanimously approved the Community Center Advisory Committee's recommendation for naming the facility as a whole, the "Grandview Community Center" and the section that included the dining and kitchen areas as the "Stevens-Young Wing."

B. Water & Sewer Rate Review

City Engineer Ted Pooler of Huibregtse, Louman Associates, Inc., presented the 2012 water and sewer rate analysis, a copy of which is attached hereto and incorporated herein as part of these minutes.

Following discussion, Council agreed to increase the sewer rate more than the water rate in order to restore the balance between the water and sewer departments and eliminate the subsidizing of the sewer department by the water department.

On motion by Councilmember Moore, second by Councilmember Souders, Council unanimously instructed staff to prepare Ordinances increasing water rates 6% and sewer rates 7% for 2012.

C. Ordinance No. 2011-21 amending the 2011 Annual Budget

The City and Yakima Valley Community College (YVCC) have entered into agreements to construct, operate and fund a joint library facility. The City committed to paying \$750,000 of the total \$4,000,000 cost of construction. The \$750,000 would be borrowed through the Washington State Treasurer's Office, LOCAL program. The loan closing would take place November 16, 2011. At the time of closing, the City would receipt the loan proceeds and remit the expenditure to YVCC as construction costs. Ordinance No. 2011-21 provided for the amending of the 2011 Annual Budget to accommodate the changes in sources and uses. Payment of annual debt service would be budgeted for beginning in 2012. At this time, the estimated annual debt service would be approximately \$56,000.

On motion by Councilmember Jennings, second by Councilmember Moore, Council unanimously approved Ordinance No. 2011-21 amending the 2011 Annual Budget.

D. Resolution No. 2011-46 authorizing the Mayor to sign a Professional Services Contract for Hearing Examiner Services with Gary M. Cuillier

Pursuant to Grandview Municipal Code Section 2.50, the City entered into a Professional Services Contract for Hearing Examiner Services with Gary M. Cuillier on January 15, 2008 for a three-year period ending December 31, 2011. Staff recommended Council consider continuation of the contract for Hearing Examiner Services with Mr. Cuillier for an additional three-year term.

On motion by Councilmember Jennings, second by Councilmember Souders, Council unanimously approved Resolution No. 2011-46 authorizing the Mayor to sign a Professional Services Contract for Hearing Examiner Services with Gary M. Cuillier.

6. UNFINISHED AND NEW BUSINESS

A. Resolution No. 2011-45 authorizing the Mayor to sign the College/City Library Lease between Yakima Valley Community College and City of Grandview

City Attorney Plant addressed concerns raised about the proposed lease agreement between the City and YVCC.

The City and YVCC entered into an agreement entitled the "College/City Library Terms of Agreement" (hereafter "Agreement") in May of this year. The Agreement does three primary things:

- 1) Established the terms of the co-location of the library building;
- 2) Set out terms ensuring access by YVCC and the community; and
- 3) Established responsibilities for building operations, use, space sharing, programming and services.

The Agreement contained no termination date. The Agreement must be reviewed and could be adjusted every two years, or sooner if necessary, to ensure that both parties were treated equitably. Either party may terminate the Agreement by providing the other party 365 days' prior written notification of intent to withdraw. The Agreement could therefore extend for so long as the parties desire.

A "City/College Library Lease" (the "Lease") was now before Council. The purpose of the Lease was to serve as the long-term property interest of the City for purposes of obtaining financing under the LOCAL agreement. The lease was 20 years in duration and terminates in 2032.

The Lease could be summarized very generally as imposing two broad requirements on the City. First, the City must make the lease payment of \$750,000. And second, the City must provide for YVCC access to the library during normal hours of operation. The Lease contained no termination language.

The Lease provided that if the Agreement was in effect, YVCC's right to access and use of the library was governed by the Agreement. If the Agreement was not in effect, the Lease provided similar language about expenses, maintenance and other routine matters.

The following questions were raised at the last Council meeting:

What interest does the City have in the library building at the end of the Lease?

The City has no legal interest in the library building at the end of the 20-year lease. The \$750,000 was essentially a rent payment, averaging out at \$3,125/month over the course of the Lease. The upside was that the City was not generally responsible for utilities, maintenance or repair of the building.

Could the parties create an option agreement to extend the Lease?

The parties could discuss an option agreement. As things stand, the Lease would expire in 20 years, but the Agreement would last as long as both parties desire. In order to change the status quo, an option agreement would need to provide the City the unilateral right to extend the Lease for a set number of years. It was unknown whether YVCC would agree to such a

change. An alternative may be to amend the Agreement, and require YVCC to provide additional notice of intent to terminate, say two or three years (instead of 365 days).

Could YVCC pull out prior to the end of the Lease?

Not easily. The Lease does not have any termination mechanism. In other words, there was no obvious method by which YVCC (or the City, for that matter) could pull out of the Lease. This was on purpose, of course, because the property interest securing the \$750,000 loan was created by the Lease. The Lease was drafted to make the relationship extremely binding. YVCC could possibly sue to terminate the Lease if the City breached its obligations under the Lease. The City's obligations were essentially two: (1) to pay \$750,000; and (2) to staff and run the library. So long as the City performs, YVCC would have no obvious mechanism by which to escape the lease. The summary point was that it would be very difficult for YVCC to prematurely terminate the Lease.

Could the City pull out prior to the end of the Lease?

The same goes for the City. Theoretically, the City could simply remove all its staff and books and abandon the building, in which case YVCC would have no choice but to sue (or negotiate) to have the Lease terminated. More practically, the parties could negotiate to terminate the Lease but, as the above illustrates, it would be very difficult for termination to occur absent the consent of both parties.

Could YVCC terminate the co-location after the end of the Lease?

Yes. The Lease would end in 2032, at which point the relationship of the parties would be governed by the Agreement. The Agreement has no termination date. The Agreement could be terminated by either party upon 365 days' written notice. If no party gives notice, then the Agreement would continue in effect.

On motion by Councilmember Moore, second by Councilmember Souders, Council unanimously approved Resolution No. 2011-45 authorizing the Mayor to sign the College/City Library Lease between Yakima Valley Community College and City of Grandview.

7. CITY ADMINISTRATOR AND/OR STAFF REPORTS

IACC Conference – City Administrator Arteaga and City Clerk Palacios attended the Infrastructure Assistance Coordinating Council Conference in Wenatchee this past week and participated in a session on downtown revitalization which featured Grandview's Alive Downtown with City consultants Jeff Louman and Colie Hough-Beck.

Downtown Revitalization – City Administrator Arteaga and City Clerk Palacios met with a delegation from the City of Othello today to discuss downtown revitalization.

2012 Preliminary Budget – Department Head budget presentations have been scheduled for November 8th – Parks and Recreation, Police, Library and City Treasurer and November 15th – City Clerk, Fire and Public Works at 5:30 p.m.

8. MAYOR & COUNCILMEMBER MEETING REPORTS

YCDA Meeting – Councilmember Moore and City Administrator Arteaga attended the Yakima County Development Association meeting on October 13th.

Community Center Advisory Committee – Councilmember Souders reported that the Community Center Advisory Committee was working on developing policy and procedure guidelines for the new facility.

WSDOT/FHWA Alive Downtown Award – Mayor Childress, Mayor Pro Tem Horner, Councilmember Jennings, City Administrator Arteaga, City Clerk Palacios and Assistant Public Works Director Santos Trevino attended the American Public Works Association Conference luncheon on October 12th in Yakima to receive the “Director’s Award” from the Washington State Department of Transportation/Federal Highway Administration for the Alive Downtown Revitalization.

Mayor’s Meeting – Mayor Pro Tem Horner attended the Mayor’s meeting at which the Yakima County Emergency Medical Service annual budget for 2012 was approved.

9. ADJOURNMENT

On motion by Councilmember Moore, second by Councilmember Jennings, Council unanimously adjourned the regular meeting at 8:25 p.m.

Mayor Pro Tem Pam Horner

Anita Palacios, City Clerk