

**GRANDVIEW CITY COUNCIL
REGULAR MEETING MINUTES
OCTOBER 27, 2015**

1. CALL TO ORDER

Mayor Norm Childress called the regular meeting to order at 7:00 p.m. in the Council Chambers at City Hall.

Present were: Mayor Childress and Councilmembers Mike Everett, Dennis McDonald, Gloria Mendoza, Bill Moore and Joan Souders. Excused from the meeting were Councilmembers Jesse Palacios and Javier Rodriguez.

Staff present were: City Administrator/Public Works Director Cus Arteaga, City Attorney Quinn Plant, City Attorney Tony Menke, City Treasurer Matt Cordray, Parks and Recreation Director Mike Carpenter, Police Chief Kal Fuller and City Clerk Anita Palacios.

2. PLEDGE OF ALLEGIANCE

Mayor Childress led the pledge of allegiance.

3. PRESENTATIONS

A. Eagle Scout Project Design Approval – Matthew Humpherys

Matthew Humpherys presented the design of his Eagle Scout project which would encompass a portable display that pertained to the history of the annual team pull at the Country Park Events Center. The estimated total cost of the project was \$1,400.

On motion by Councilmember Everett, second by Councilmember Moore, Council approved the design and authorized staff to disburse funds previously approved for the construction of the portable team pull display.

B. Volunteer Appreciation – Community Rose Garden – Ray Vining, John Myers, Kay Myers and Sue Johnson

Mayor Childress presented Ray Vining, John Myers, Kay Myers and Sue Johnson with Distinguished Service Awards in honor and recognition of their dedicated service to the community Rose Garden.

C. Volunteer Appreciation – Home of the Month Program – Mary Barrett

Mayor Childress presented Mary Barrett with a Distinguished Service Award in honor and recognition of her dedicated service to the Home of the Month Program.

4. PUBLIC COMMENT – None

5. CONSENT AGENDA

On motion by Councilmember Mendoza, second by Councilmember Souders, Council approved the Consent Agenda consisting of the following:

- A. Minutes of the October 13, 2015 study session**
- B. Minutes of the October 13, 2015 regular meeting**
- C. Payroll Electronic Fund Transfers (EFT) Nos. 5456-5460 in the amount of \$68,267.99**
- D. Payroll Check Nos. 8415-8434 in the amount of \$84,256.55**
- E. Payroll Direct Deposit 10/1/15-10/15/15 in the amount of \$88,685.42**
- F. Claim Check Nos. 109123-109226 in the amount of \$253,203.58**

6. ACTIVE AGENDA

A. Public Hearing – 2016 Current Expense Fund Revenue Sources

Mayor Childress opened the public hearing for the purpose of receiving comments on the 2016 Current Expense Fund Revenue Sources.

City Treasurer Cordray reported that the operating revenue for the Current Expense Fund in 2016 was estimated to be \$5,095,390. He provided a detail of the Current Expense Fund revenue estimates as follows:

<u>Revenue Type</u>	<u>Amount</u>
Property Taxes	\$1,435,000
Sales Tax	\$ 571,000
Criminal Justice Tax	\$ 145,000
City Utility Taxes	\$1,240,000
Private Utility Taxes	\$ 773,000
Other Taxes	\$ 1,500
Licenses & Permits	\$ 138,500
Intergovernmental Revenues	\$ 341,250
Charges for Service	\$ 159,500
Fines & Forfeits	\$ 188,700
Misc. & Other Revenues	\$ 101,940
Total Revenue	\$5,095,390

Mayor Childress requested public comments. No public comments were received.

City Clerk Palacios indicated that there were no public comments received by mail.

The public testimony portion of the hearing was declared closed and no further comments were received.

B. Ordinance No. 2015-15 levying the 2016 ad valor property taxes and excess levy taxes and Ordinance No. 2015-16 increasing the 2016 property tax levy for the City of Grandview above the "limit factor", up to 101 percent

City Treasurer Cordray explained that pursuant to RCW 84.52.020, the City's certification for the purpose of levying 2016 property taxes was to be filed with the Board of Yakima County Commissioners on or before November 30, 2015 or the City would receive no funding from this source. To meet the objective and as a result of Referendum 47, the Council would need to pass an ordinance for the levy amount up to the full 101% and pass a second ordinance increasing the property tax levy to the Implicit Price Deflator (IPD). The County Commissioners requested the ordinances be returned to the County on or before November 20, 2015.

On motion by Councilmember Moore, second by Councilmember Mendoza, Council approved Ordinance No. 2015-15 levying the 2016 ad valor property taxes and excess levy taxes and Ordinance No. 2015-16 increasing the 2016 property tax levy for the City of Grandview above the "limit factor", up to 101 percent.

Councilmember Everett voted in opposition.

C. 2016 Water and Sewer Rate Analysis

City Administrator Arteaga presented the 2016 Water and Sewer Rate Analysis prepared by the City Engineer Ted Pooler of Huibregtse, Louman Associates, Inc., a copy of which is attached hereto and incorporated herein as part of these minutes. The rate analysis recommended a no increases in water or sewer rates for 2016.

D. Ordinance No. 2015-17 amending Grandview Municipal Code Section 13.28.060(B) setting irrigation water rates

City Administrator Arteaga explained that the proposed irrigation water rate increase for 2016 was 1%.

On motion by Councilmember Everett, second by Councilmember Moore, Council approved Ordinance No. 2015-17 amending Grandview Municipal Code Section 13.28.060(B) setting irrigation water rates.

E. Ordinance No. 2015-18 amending Grandview Municipal Code Section 13.28.085 setting garbage rates

City Administrator Arteaga explained that the proposed garbage rate increase for 2016 was 1%.

On motion by Councilmember Moore, second by Councilmember Souders, Council approved Ordinance No. 2015-18 amending Grandview Municipal Code Section 13.28.085 setting garbage rates.

Pat Bratton, 1304 West Fifth Street, Grandview, expressed concern regarding the increase of utility rates for fixed income residents.

F. Yakima Valley Natural Hazzard Mitigation Plan Update 2015

Police Chief Fuller presented the Yakima Valley Natural Hazzard Mitigation Plan Update 2015. Adoption of this plan was necessary to qualify the City for Federal/State hazard mitigation funding. The plan was updated to reflect progress on mitigation measures made since the original version of the plan and to address additional flood hazard areas that include the jurisdictions within Yakima County. The plan update would be approved by FEMA pending adoption of the jurisdictions covered. This plan was updated every five years. This plan was not a regulatory plan, but one that made the community eligible for federal funds after certain disasters. The focus of this plan was natural hazards that were unique to the area.

Formal adoption of the plan would be presented at the November 9th meeting for Council consideration.

7. UNFINISHED AND NEW BUSINESS – None

8. CITY ADMINISTRATOR AND/OR STAFF REPORTS

East Fourth Street Neighborhood Improvement Project – The East Fourth Street Neighborhood Improvement Project was progressing and should be completed by end of the month.

9. MAYOR & COUNCILMEMBER MEETING REPORTS

Community Center Advisory Board – Councilmember Souders reported that the Community Center Advisory Board met on October 20th.

Dog Park Committee – Councilmember Souders reported that the Dog Park Committee met and were continuing to work on the fencing project.

10. EXECUTIVE SESSION – Public Works Union Negotiations

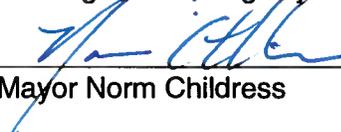
Mayor Childress adjourned the meeting to an executive session at 7:50 p.m., for approximately 20 minutes to discuss Public Works union negotiations per RCW 42.30.110(1)(g) with the aforementioned Mayor, Councilmembers, City Attorney Plant, City Attorney Menke, City Administrator, City Treasurer and City Clerk present.

The meeting resumed at 9:10 p.m., with the aforementioned Mayor, Council and staff present.

No action was taken.

11. ADJOURNMENT

The regular meeting adjourned at 9:10 p.m.



Mayor Norm Childress



Anita Palacios, City Clerk

City of Grandview
2016 Water and Sewer Rate Analysis

RATE ANALYSIS REVIEW
October 9, 2015

Project Background

In October 2008, Huibregtse, Louman Associates, Inc. (HLA), examined the projected 2009 revenues and expenditures for Grandview's water and sewer fund. That analysis considered the loss of revenue caused by the Wild River Foods fire. Had Wild River Foods remained in operation, they would have generated an estimated \$130,000 in annual water charge revenue and \$750,000 in annual sewer charge revenue. As a result of this significant loss of revenue, a 5-year plan was developed to bring water and sewer revenues back to the level where each department is self-sufficient.

Annual updates have since been performed during the budget planning process. In October 2011, a more detailed update was completed and the long-term plan to increase rates was revised because revenues were falling behind projections. Additional rate increases would need to extend farther into the future. The Council adopted the recommended 2012 water rate increase of 6%, but elected to raise 2012 sewer rates 7% instead of the recommended 6% in an effort to offset the sewer department deficit and potentially reduce future sewer rate increases.

When revenues were again reviewed in October 2012, water department revenues were returning to typical amounts and Council adopted a 2% water rate increase rather than the previously recommended 6% water rate increase for 2013, but a 6% increase for sewer was still necessary and was adopted by Council. The revenue picture continued to improve in 2013 and expenses were tracking behind projections. Therefore, 2014 increases of 2% for water and 4% for sewer were recommended by HLA and adopted by Council. This trend continued in 2014, so 2015 increases of 2% for water and 1% for sewer were recommended by HLA and adopted by Council. Currently, the original plan to bring water and sewer revenues back to the level where each department is self-sufficient is ahead of past projections, and the 2014 sewer department balance was positive. The sewer department is no longer being supported by the water department.

September 2015 Analysis

Our recent analysis included the following major work items:

- A review of 2015 revenues and expenses;
- Projection of 2015 year-end revenues and expenses using historical seasonal distribution of water consumption, sewer discharges, and expenditures;
- Examination of current and proposed capital improvements; and
- Preparation of a cash flow analysis to review projected revenue needs.

The cash flow analysis relies on reasonable revenue projections. Fortunately, both year-end 2014 revenues and 2015 revenues to date (as well as estimated 2015 year-end revenues) are tracking ahead of previous projections. Therefore, the cash flow analysis was updated to reflect

the revised revenue projections and to account for adjustments in planned capital improvements. A few key items in the analysis are worth noting:

- The sewer department balance was negative through 2013, but in 2014 the year-end balance in the sewer department was positive for the first time since 2007. Furthermore, projected revenues continue to exceed expenses in 2015, and the 2016 budget shows a positive balance. Therefore, no sewer rate increase is proposed in 2016. The primary difference from past projections is the increased revenue generated by the industrial customers.
- Upgrades to the wastewater pumping stations (Euclid Road and Primary Clarifier Pump Stations) are included as a sewer expenses in 2014 and 2015 (project construction). Debt service for this improvements is included in 2015 (interim financing interest) with principal and interest payments beginning in 2016.
- The Department of Ecology requested an analysis and report to address groundwater concerns at the wastewater treatment facility. A draft report was prepared recommending improvements at the facility in 2020. The estimated cost of those improvements, \$14 million and the associated debt service, is included in the cash flow analysis.
- The sewer department pays off the PWTf portion of the sewer debt in 2016, reducing annual expenses by about \$240,000. The revenue bond portion of the sewer debt is paid off in 2019, further reducing sewer expenses by \$540,750 per year.
- Water department expenses include the Department of Health required update of the Water System Plan in 2014 and 2015. In 2015, expenses are included for the East 4th Street and Birch Street project, as well as design of the water system elements of Old Inland Empire (OIE) Road. In 2016, capital expenditures are considered for the construction of the OIE improvements, including \$140,000 in water fund related overlay costs.
- Future improvements outlined in the Water System Plan are considered in the future cash flow analysis. Major improvements in 2018 (\$1,425,000), 2020 (\$1,773,000), and 2021 (\$6,200,000) are proposed to be funded by DWSRF loans, with associated debt service in the following years.
- Ending fund balances are adequate to provide a typical minimum balance of at least 50% of annual expenditures, which provides more than six months of reserve.

Results

A table showing projected water and sewer rate increases is attached. The table compares the October 2011 recommendations with the revised results developed from the September 2014 and September 2015 analyses.

Water Department

- The cash flow analysis includes the 2016 water department expense of \$946,000 for replacement of water pipelines within OIE Road, including pavement overlay costs due to the extent of pavement damage caused by water line construction. This work will be partially funded by a DWSRF loan that is already in place.
- Other future water system capital improvements are consistent with the recommendations found in the City's Water System Plan. Capital improvements should be re-examined each year as part of the budget process, and the long-term financial plan should be updated accordingly.

- Since projected water revenues are above, and expenditures below, previous projections, no water rate increase is recommended for 2016. Based on the current timing of future capital improvements, rate increases may not be needed for several years.

Sewer Department

- Our cash flow analysis includes the Wastewater Pumping Improvements, which are now complete. Improvements consisted of upgrading the pumping equipment at the Euclid Road pump station and building a new primary clarifier pump station at the wastewater treatment plant. This project is funded through a \$3,256,422 USDA Rural Development loan. Interim financing costs are considered a 2015 expense, and debt service for the loan is included in the analysis beginning in 2016.
- Our rate analysis includes future improvements to the wastewater treatment plant needed to address potential groundwater contamination. The report, required by the City's NPDES permit and outlining recommended improvements, has not been approved by the Department of Ecology, so timing of the future improvements may change. The current plan is to construct the future improvements after the existing debt is retired to minimize the impact to customers. The financing plan also includes building reserves to pay for a portion of the project cost to reduce debt.
- When sewer revenues were lagging, we previously recommended sewer rates include successive years of 6% increases to all users through 2016. Fortunately, sewer revenues are significantly ahead of past projections. Revised revenue and expenditure projections show no increase is needed in 2016, followed by no increase in 2017, and a possible 2% increases in 2018.

PROJECTED RATE INCREASES - SEPTEMBER 2015 ANALYSIS

Rate Increase at Beginning of Year

	2011	2012	2013	2014	2015	2016	2017
Water Department							
October 2011 Presentation	As Recommended	6%	6%	2%	2%	2%	2%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$31.90	\$33.82	\$35.85	\$36.56	\$37.30	\$38.04	\$38.80
Increase Over Previous Year		\$1.91	\$2.03	\$0.72	\$0.73	\$0.75	\$0.76
Proposed Rates September 2014 Review	As Recommended	6% Adopted by Council	2% Revised and Adopted	2% Adopted by Council	2% Adopted by Council	2%	2%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$31.90	\$33.82	\$34.49	\$35.18	\$35.89	\$36.61	\$37.34
Increase Over Previous Year		\$1.91	\$0.68	\$0.69	\$0.70	\$0.72	\$0.73
Proposed Rates September 2015 Review	As Recommended	6% Adopted by Council	2% Revised and Adopted	2% Adopted by Council	2% Adopted by Council	0% Recommended	0%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$31.90	\$33.82	\$34.49	\$35.18	\$35.89	\$35.89	\$35.89
Increase Over Previous Year		\$1.91	\$0.68	\$0.69	\$0.70	\$0.00	\$0.00
Sewer Department							
October 2011 Presentation	As Recommended	6% Adopted by Council	6%	6%	6%	6%	2%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$40.49	\$42.91	\$45.49	\$48.22	\$51.11	\$54.18	\$55.26
Increase Over Previous Year		\$2.43	\$2.57	\$2.73	\$2.89	\$3.07	\$1.08
Proposed Rates September 2014 Review	As Recommended	7% Adopted by Council	6% Adopted by Council	4% Adopted by Council	1% Adopted by Council	2%	2%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$40.49	\$43.32	\$45.92	\$47.75	\$48.23	\$49.20	\$50.18
Increase Over Previous Year		\$2.83	\$2.60	\$1.84	\$0.48	\$0.96	\$0.98
Proposed Rates September 2015 Review	As Recommended	7% Adopted by Council	6% Adopted by Council	4% Adopted by Council	1% Adopted by Council	0% Recommended	0%
Monthly Charge for "Typical" Residential User (8,200 gal/month)	\$40.49	\$43.32	\$45.92	\$47.75	\$48.23	\$48.23	\$48.23
Increase Over Previous Year		\$2.83	\$2.60	\$1.84	\$0.48	\$0.00	\$0.00