

**GRANDVIEW CITY COUNCIL
REGULAR MEETING MINUTES
OCTOBER 9, 2012**

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 Bren, Pam Horner, Diana Jennings, Bill Moore, Jesse Palacios and Joan Souders. Excused from the meeting was Councilmember Javier Rodriguez.

Staff present were: City Administrator/Public Works Director Cus Arteaga, City Attorney Quinn Plant, City Treasurer John Myers, Assistant Public Works Director Santos Trevino and City Clerk Anita Palacios.

2. PLEDGE OF ALLEGIANCE

Councilmember Souders led the pledge of allegiance.

3. PRESENTATIONS

Public Works Department Commendation – Mayor Angel Reyna with the City of Mabton thanked the Mayor, Council, City Administrator Arteaga, Assistant Public Works Director Trevino and Wastewater Treatment Plant employees for assisting the City of Mabton employees during a time of need at their Wastewater Treatment Plant.

4. PUBLIC COMMENT

Haunted House & Halloween Carnival – Cookie Shannon, Chair of the Miss Grandview Program and Grandview Float Committee invited the public to attend the 8th Annual Haunted House & Halloween Carnival on October 26th and 27th in downtown Grandview. She introduced the designers and builders of the Haunted House Lonnie Hendrickson and Jonathan Seitz. Jonathan was a senior at Grandview High School and his volunteerism on the Haunted House would be his senior project.

5. CONSENT AGENDA

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

- A. Minutes of the September 25, 2012 special study session meeting
- B. Minutes of the September 25, 2012 regular meeting
- C. Electronic Payroll Fund Transfers (EFT) in the amount of \$69,243.08
- D. Payroll Check Nos. 6326-6348 in the amount of \$19,268.72
- E. Payroll Direct Deposit 9/16/12 - 9/30/12 in the amount of \$91,837.78
- F. Claim Check Nos. 102213-102303 in the amount of \$93,244.61
- G. Street Closure Request - Approve street closure for the 100 block of Division Street on October 26 & 27, 2012 for the 8th Annual Haunted House and Halloween Carnival sponsored by the Miss Grandview Program and Grandview Float Committee

6. ACTIVE AGENDA

A. 2013 Water and Sewer Rate Analysis

City Engineer Ted Pooler with Huibregtse, Louman Associates, Inc., presented the 2013 Water and Sewer Rate Analysis, as follows:

Project Background

In October 2008, Huibregtse, Louman Associates, Inc., 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 and assumed they would not be back in operation. 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 was 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. However, recommended 2012 rate increases still matched the 2008 projections, but 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.

October 2012 Analysis

The recent analysis included the following major work items:

- A review of 2012 revenues and expenses;
- Projection of 2012 year-end revenues and expenses using historical seasonal distribution of water consumption, sewer discharges, and expenditures;
- Review of the proposed 2013 water and sewer budget;
- Examination of current and proposed capital improvements; and
- Preparation of a cash flow analysis to review projected revenue needs.

The cash flow analysis relied on reasonable revenue projections. Fortunately, both year-end 2011 revenues and 2012 revenues to date (as well as estimated 2012 year-end revenues) were 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 were noted:

- The sewer department balances continue to be negative through 2021, but revenues begin to exceed expenses in 2017, which decrease the deficit. Since the fund was combined, the negative sewer department balance was internal to the fund and demonstrated the sewer department expenses were exceeding revenue.
- The water department and sewer department contributions to the completed North Birch CDBG improvement project were included as capital expenses in 2012.

- Upgrades to the wastewater pumping stations (Euclid Road and Primary Clarifier Pump Stations) were included as a sewer expenses in 2012 (project design) and in 2013 (project construction).
- Water department capital expenses included \$300,000 for the Euclid Road project in 2013, and future improvements outlined in the Water System Plan.
- 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 was paid off in 2019, further reducing sewer expenses by \$540,750 per year.
- Ending fund balances were adequate to provide a typical minimum balance of at least 25% of annual expenditures, which provided more than three months of reserve.

Results

A table showing projected water and sewer rate increases was distributed, copy attached hereto and incorporated herein as part of these minutes. The table compared the 2008 recommendations, the October 2011 recommendations and revised results based on the October 2012 analysis.

Water Department

- The cash flow analysis included the 2013 water department expense of \$300,000 for replacement of water pipelines within the limits of the Euclid Road street improvement project. This amount, combined with Transportation Benefit District money provided the local match to grant funds for the street improvements.
- Other future water system capital improvements were consistent with the recommendations found in the City's Water System Plan. Timing of some of the improvements had been adjusted to account for expected funding cycles.

The previous recommendation was that water rates be increased 6% per year from 2009 through 2013. Since projected water revenues were above and expenditures below previous projections, the recommendation was to implement a 2% water rate increase for 2013.

Sewer Department

- The cash flow analysis included the wastewater pumping improvements. Proposed 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 was funded through a \$1,967,400 USDA Rural Development loan. Debt service for the loan was included in the analysis beginning in 2014.
- At this time, the analysis does not include future improvements to the Wastewater Treatment Plant. A separate evaluation of the wastewater treatment facility to address potential groundwater contamination was being conducted as required by the City's NPDES permit. If treatment plant improvements were needed, debt service might begin when debt service on past improvements was retired.

The previous sewer rate recommendation included successive years of 6% increases to all users through 2016. Revised revenue and expenditure projections showed a 6% increase may be needed in 2014, followed by 4% increases in 2015 and 2016, which were below previous

projections of an annual 6% increase through 2016. Therefore, the recommendation was to implement a 6% sewer rate increase for 2013.

Council concurred with the recommended water and sewer rate increases and instructed staff to prepare ordinances for Council consideration at the next meeting.

B. Ordinance No. 2012-18 amending the 2012 Annual Budget

City Treasurer Myers explained that throughout the year, the revenue and expenditure reports of the multiple programs and funds were monitored. As unanticipated revenue levels occur or unanticipated levels of expenditures occur, it becomes necessary to amend the annual budget to reflect those changes.

Ordinance No. 2012-18 provided for the amending of the 2012 Annual Budget to accommodate the changes in sources and uses, as follows:

Current Expense Fund: This amendment included grants or contributions from the Washington State Library, Wal*Mart, Legends Casino and Friends of the Library. Grant supported appropriations for on-line library media, two bicycles in the Police Department, a mechanical lift for the swimming pool and library reading program supplies. There were some minor adjustments in the Library initiated by the increase in minimum wage rates.

Street Fund: Increased revenue estimates for the STP grant awards. Appropriations for design activities for the Euclid and Bonnieview Road projects. The grant awards and design costs were offsetting. The City's match would be provided by the Transportation Benefit District. There was no anticipated change in estimated ending fund balance.

Transportation Benefit District Fund: *Note that the TBD fund was not included in the budget amendment.* Transportation Improvement Projects appropriations for 2012 were initially set at \$110,000. Earlier this year, \$13,534 was used for the East Second Street resurfacing project. The TBD Board identified transportation improvement support for the Euclid and Bonnieview Road projects. These would be the City matching funds for the projects. There was no change in total fund appropriations or ending balance amount.

Capital Improvement Fund: Real estate excise taxes were being collected at a greater level than original estimates. Additional purchase of trees for East Wine Country Road. A small increase in the estimated ending fund balance.

Irrigation Fund: There was a small increase in the irrigation water receipts estimate. A material increase was necessary in the appropriations in the irrigation fund. The North Birch Neighborhood Improvement Project was not included in the irrigation fund's original expenditure estimates. The amendment appropriated additional funds sufficient to include those irrigation system improvements. The estimated ending fund balance was reduced.

Equipment Rental Fund: These were "housekeeping" changes. Revenues reflect a small decrease. Estimated expenditures reflect a decrease also resulting in a small increase in the estimated ending fund balance.

On motion by Councilmember Palacios, second by Councilmember Souders, Council unanimously approved Ordinance No. 2012-18 amending the 2012 Annual Budget.

C. Ordinance No. 2012-19 adopting Chapter 2.24 of the Grandview Municipal Code pertaining to the appointed position of Police Chief and Ordinance No. 2012-20 amending Chapter 2.28 of the Grandview Municipal Code with respect to the position of Fire Chief

RCW 41.12.050 authorized the Council to exempt from Civil Service an individual appointed as Police Chief or Fire Chief after July 1, 1987. The Fire Chief position was excluded from Civil Service by Resolution No. 88-27 adopted by the Council on April 22, 1988. At the September 25, 2012 special study session meeting during discussion of the employee retirement transition plan, Council consensus was to eliminate the Police Chief position from Civil Service and enact a residency requirement for the Police Chief within the City's urban growth area.

Ordinance No. 2012-19 codified in the Grandview Municipal Code the exemption of the Police Chief position from Civil Service and also provided for a residency requirement. Ordinance No. 2012-20 codified in the Grandview Municipal Code the exemption of the Fire Chief position from Civil Service and also clarified the residency requirement wording for this position.

On motion by Councilmember Jennings, second by Councilmember Moore, Council unanimously approved Ordinance No. 2012-19 adopting Chapter 2.24 of the Grandview Municipal Code pertaining to the appointed position of Police Chief and Ordinance No. 2012-20 amending Chapter 2.28 of the Grandview Municipal Code with respect to the position of Fire Chief.

7. UNFINISHED AND NEW BUSINESS – None

8. CITY ADMINISTRATOR AND/OR STAFF REPORTS

YVCOG General Membership Meeting – Mayor Childress, Councilmember Moore, Councilmember Palacios and Councilmember Souders, along with City Administrator Arteaga would be attending the October 17th Yakima Valley Conference of Governments (YVCOG) General Membership meeting in Sunnyside.

YCDA Board Meeting – Mayor Childress and City Administrator Arteaga would be attending the Yakima County Development Association (YCDA) Board meeting on October 11th in Yakima.

Continuing Education Units (CEU) – City Administrator Arteaga reported that he had been working with the regulatory agencies to develop alternatives for employees to obtain continuing education units (CEU) for their certifications. One of the alternatives would be for employees to receive credit for participating in weekly safety meetings at the workplace.

Transportation Improvement Board Grant Award – City Administrator Arteaga reported that he was advised by Executive Director Steve Gorcester of the Transportation Improvement Board that the City's grant applications for Euclid Road from Stassen to Groom Lane and West Second Street from Euclid to Grandridge have been funded.

2013 Preliminary Budget Meetings – The preliminary budget meetings for the 2013 budget would be held on November 13th & 20th starting at 5:30 p.m.

9. MAYOR & COUNCILMEMBER MEETING REPORTS

Congressman Doc Hastings – Mayor Childress and City Administrator Arteaga received a visit from Congressman Doc Hastings on September 27th. They took him on a tour of downtown, the new Library and Community Center.

10. EXECUTIVE SESSION – Property Matters

Mayor Childress adjourned the meeting to an executive session at 7:40 p.m., for approximately 15 minutes to discuss property matters per RCW 42.30.110(1)(c) with the aforementioned Mayor, Councilmembers, City Attorney, City Administrator and City Clerk present. The meeting resumed at 7:55 p.m.

11. ADJOURNMENT

On motion by Councilmember Moore, second by Councilmember Jennings, Council unanimously adjourned the regular meeting at 7:55 p.m.

Mayor Norm Childress

Anita Palacios, City Clerk