

Pastor Chris Leingang, Faith Fellowship Lutheran Brethren Church, gave the invocation. Mayor David Futcher led the flag salute. The Regular Meeting of the Kelso City Council was called to order by Mayor Futcher. Councilmembers in attendance were: Futcher, Webb, Roberson, McDaniel, Myers, Schimmel, and Karnofski.

Minutes: Upon motion by Councilmember Myers, seconded by Councilmember Schimmel, 'Approve the Minutes of the 12/7/10 Regular Meeting,' motion carried, all voting yes.

PRESENTATION WITH ACTION (Water & Sewer Revenue Bond Financing):

Jim Nelson, Vice President and Senior Municipal Underwriter, of Martin Nelson, Inc., gave a presentation summarizing the financing for the City's Water and Sewer Utility Revenue Bonds. Mr. Nelson congratulated city staff in achieving their first initial bond rating grade of AA-. Achieving this rating helped lower the interest costs. In addition, because the rating was so high, we didn't have to get bond insurance which would have cost the City \$50,000. The City is issuing a Series A (Tax Exempt) Bond financed over eight years in the amount of \$810,000 and a Series B (Taxable Recovery Zone Economic Development Build America) Bond financed over twenty-one years in the amount of \$3,665,000.

Mayor Futcher informed citizens that this is money the City had planned to spend next year on a reservoir and water main project. We were fortunate to have the opportunity to take advantage of the Recovery Zone Bonds. Mayor Futcher thanked everyone who worked hard to make this possible.

Rick Von Rock, 400 N. 7th, who spoke from the audience, asked Mr. Nelson to clarify some bond information. Discussion followed.

Marc Greenough, Bond Attorney for Foster Pepper, spoke about the bond ordinance to be considered tonight. This ordinance is based on a City of Kelso ordinance passed in May of 2008 relating to Water and Sewer Revenue Refunding Bonds. This ordinance has the same promises to bondholders that you currently make for your water and sewer utility system. These bonds are repayable solely from water and sewer fees.

Ordinance No. 10-3737 – Providing for the Issuance of \$4,475,000 Par Value Water/Sewer Revenue Bonds: Upon motion by Councilmember Myers, seconded by Councilmember Roberson, 'Adopt Ordinance No. 10-3737, 'AN ORDINANCE OF THE CITY OF KELSO, WASHINGTON, RELATING TO THE WATER SYSTEM AND SYSTEM OF SANITARY SEWAGE DISPOSAL OF THE CITY; PROVIDING FOR THE ISSUANCE OF TWO SERIES OF WATER AND SEWER REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,475,000 TO PROVIDE THE

FUNDS NECESSARY TO CONSTRUCT A NEW WATER RESERVOIR AND REPLACE CERTAIN WATER MAINS AND WATER METERS IN THE CITY; FIXING THE DATE, INTEREST RATES, FORM, MATURITIES, TERMS AND COVENANTS OF THOSE BONDS; APPROVING THE SALE AND PROVIDING FOR THE DELIVERY OF THE BONDS TO MARTIN NELSON & CO., INC. OF SEATTLE, WASHINGTON,' motion carried, all voting yes.

Mayor Fatcher called a five-minute recess to get some signatures on the bond documents. The meeting was called back to order by Mayor Fatcher at 7:22 p.m.

CONSENT AGENDA:

1. **Planning Commission Appointments: Toby Tabor and Dan Jones**
2. **Closeout N. W. 3rd Avenue Sewer Project 590810 with Brookhart Excavation, LLC., in the amount of \$255,636.46**
3. **Water Treatment Chemical Purchase Bids, 2011**
4. **Diking Certification Loan**
5. **Liquor License Renewals:** a) Rite Aid #5287, 203 Kelso Drive; b) Scooter's Bar and Grill, 1107 N. Pacific Avenue; c) 13th Ave Mini Mart, 1821 13th Avenue; d) Shari's of Kelso, 205 S. Kelso Drive; e) Tim's Bar & Grill, 213 Allen Street
6. **Auditing of Accounts:** \$1,532,055.56

Upon motion by Councilmember Roberson, seconded by Councilmember Myers, 'Approve the Consent Agenda and the Auditing of Accounts in the amount of \$1,532,055.56,' motion carried, all voting yes.

CITIZENS' BUSINESS:

KPD Officer Brian Clark read a letter from Kirk Wiper, the Kelso Police Association President, who was unable to attend the meeting. The letter was concerning the budget issues and a possible solution in the form of a Memorandum of Understanding.

Chief of Police Andrew Hamilton asked if Councilmembers had any questions about the Memorandum of Understanding (MOU), which he feels will reduce costs.

KPD Officer Ralph Hines, spoke about the proposed Memorandum of Understanding, which he wrote, and gave some examples showing how he believes this plan will save money.

Mayor Fatcher was advised by the Kelso City Attorney that part of this MOU, if adopted, settles outstanding legal issues. This gives Council the ability, if desired, to discuss the potential legal issues concerning the MOU in executive session. It was the consensus of the Council to discuss the Memorandum of Understanding in executive session.

EXECUTIVE SESSION:

The Council convened into Executive Session at 7:36 p.m. to discuss the MOU. The Executive session is expected to last approximately fifteen minutes and action will probably be taken. At 7:51 p.m., it was announced that the Executive Session would continue until 8:00 p.m. It was extended again for eight to ten minutes. At 8:08 p.m. the Council convened into Regular Session.

Mayor Futchter asked if Councilmembers wanted to take any action on the MOU. Upon motion by Councilmember Roberson, seconded by Councilmember McDaniel, 'Authorize the City Manager's signature on the Memorandum of Understanding.' Lengthy discussion followed. Councilmembers Karnofski, Roberson, McDaniel, Webb, and Futchter voted yes. Councilmembers Myers and Schimmel voted no. Motion passed 5 to 2.

COUNCIL BUSINESS:**MOTION ITEMS:**

Ordinance No. 10-3738 - Latecomer Agreement: The Deputy City Clerk read the proposed Ordinance by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Roberson, 'Adopt Ordinance No. 10-3738, 'AN ORDINANCE OF THE CITY OF KELSO AMENDING ORDINANCE NO. 10-3731, AMENDING KMC 13.04.140, REGARDING THE CITY'S LATECOMER AGREEMENT, AS MORE PARTICULARLY DESCRIBED HEREIN.' Councilmember Myers spoke about the need to change wording under "H" as follows: Change *All water system* improvements to *All infrastructure* improvements. Motion carried, all voting yes.

Ordinance No. 10-3739 - Setting the 2011 Property Tax Amount: The Deputy City Clerk read the proposed Ordinance by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Roberson, 'Adopt Ordinance No. 10-3739, 'AN ORDINANCE OF THE CITY OF KELSO FIXING THE ESTIMATED AMOUNT TO BE RAISED BY AD VALOREM TAXES AT \$1,329,253 FOR THE 2011 BUDGET OF THE CITY.' Councilmembers Webb, McDaniel, Myers, Roberson, Karnofski, and Futchter voted yes. Councilmember Schimmel voted no. Motion passed 6 to 1.

Ordinance No. 10-3740 - Final Budget Reading: The Deputy City Clerk read the proposed Ordinance by title only. Upon motion by Councilmember Myers, seconded by Councilmember McDaniel, 'Adopt Ordinance No. 10-3740, 'AN ORDINANCE RELATING TO MUNICIPAL FINANCE AND ADOPTING A BUDGET FOR THE CITY OF KELSO FOR THE 2011/12 FISCAL YEARS.' Mayor Futchter pointed out there were some adjustments made since the first reading of the ordinance due to increases in the City's contribution to the retirement system. Finance Director/City Clerk

Brian Butterfield reminded Councilmembers the budget would need to be amended if they want to incorporate the MOU. If things do not improve in 2012, five police officers will need to be laid off, instead of four, to get the same amount of savings. Motion carried, all voting yes.

COUNCIL RULES: Mayor Fatcher reminded Councilmembers a motion was made at the last meeting to table the Council Rules. Some corrections were suggested by City Attorney Janean Parker and Councilmembers wanted additional time to review the document. Upon motion by Councilmember Schimmel, seconded by Councilmember Roberson, 'Approve the draft Council Rules as amended by the attorney.' A short discussion followed. Motion carried, all voting yes.

MANAGER'S REPORT:

Dennis Richards: 1) Thanks to everyone who worked hard to get the bond through. It saved the City lots of money. 2) The old Hilander building is being town down. 3) A new Three Rivers Mall sign will be put up soon. 4) Councilmember Roberson told Denny about a special-needs family and City employees donated food and gifts to them for Christmas. Councilmember Roberson thanked the employees for supporting this family. 5) I had a conference call with the Segale people today. After City staff reviewed their plans, they were sent back. Segale representatives have sent the plans to their engineering firm. We hope to get the plans back around the first of the year and start seeing some action in mid-January or February. They are having issues with WSDOT concerning the seventy foot right-of-way. 6) Councilmember McDaniel asked if there were any plans for the Hilander spot. Denny said possibly a hotel, fast-food restaurant and a coffee shop.

STAFF REPORTS:

Janean Parker: Merry Christmas!

David Sypher: Merry Christmas!

Michael Kerins: An update was given concerning the Hilander Bowl property. A fill and grade permit has been applied for to resolve the drainage issues. We are doing the environmental review on that permit. The intent is for them to apply for some sort of development. We are anticipating an application to be presented soon

Cindy Donaldson: 1) We are busy getting ready for the library move. About seventy-five people have committed to help us move next week. We will close on Thursday, at 5:00 p.m., and will remain closed for three weeks. There are approximately 42,000 volumes (books, cassettes, magazines, and CD's) to be moved. All citizens are invited to attend the grand opening and ribbon cutting ceremony at the Three Rivers Mall on January 15th at 2:00 p.m. 2) Merry Christmas!

Andrew Hamilton: No report

Brian Butterfield: I just want to wish everyone a Merry Christmas!

Carol Bradbury: Merry Christmas and Happy New Year!

COUNCIL REPORTS:

Gary Schimmel: Merry Christmas to all!

James Webb: No report

Todd McDaniel: No report

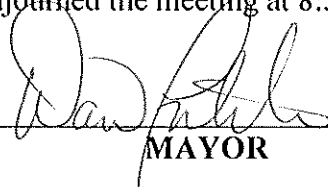
Dan Myers: 1) CAPP is sponsoring Greg Mortenson, the author of Three Cups of TEA, who will come to Longview on March 1st for some fundraiser events. 2) One of the depot volunteers has talked with Greyhound about the possibility of getting them back to the depot. A short discussion followed.

Rick Roberson: 1) The community chat held on November 17th, was not well attended. We might need to look at some other options. Councilmember Schimmel said a suggestion is to go where people are already meeting. 2) We might want to revisit the library district and a possible park board. Finance Director/City Clerk Butterfield spoke about setting up a workshop to look at some of these options. 3) Merry Christmas and Happy New Year!

John Karnofski: No report

David Futcher: 1) If things don't get better, we might need to start looking at revenue options as a more permanent solution. Citizens might be asked if they want to help pay for services such as police protection and street crews. 2) I assume most of you saw the video on TV where a man came to a school board meeting in Florida and began shooting. That has been a fear of mine. I think it would be wise to have a security plan in mind.

There being no further business, Mayor Futcher adjourned the meeting at 8:56 p.m.



MAYOR



CITY CLERK