

Pastor John Jorgenson, Three Rivers Bible 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, Karnofski, Schimmel, Myers, and Webb. Councilmember Roberson was absent and Councilmember McDaniel arrived late.

Minutes: Upon motion by Councilmember Schimmel, seconded by Councilmember Myers, 'Approve the Minutes of the 11/16/10 Regular Meeting,' motion carried, all voting yes.

PUBLIC HEARING – CONTINUATION OF BUDGET HEARING 2011-2012:

Mayor Futcher opened the Public Hearing at 7:02 p.m. Citizens were invited to speak; however, there were no comments from the public. Mayor Futcher closed the Public Hearing at 7:03 p.m.

CONSENT AGENDA:

1. **Close out Demolition of (a) Terry's Salvage, 1124 N. Pacific and (b) Single Residence at 1504 N. 2nd with TruFrame in the amount of \$69,271.80**
2. **Lease Assignment to Dutch Bros (104 Kelso Drive)**
3. **Catlin Hall-Kelso Senior Center Memorandum of Understanding**
4. **Water Wheeling Agreement-Beacon Hill Water & Sewer District**
5. **Appointment to Park Board – Dan Jones**
6. **Liquor License Application – Your Homebrew, 305 W. Main Street, Suite A**

Mayor Futcher asked if any items should be removed for separate consideration. There were requests to remove the demolition of Terry's Salvage and the Water Wheeling Agreement from the Consent Agenda. Upon motion by Councilmember Myers, seconded by Councilmember Karnofski, 'Approve the Consent Agenda, with the removal of Item No. 1 (a) and Item No. 4,' motion carried, all voting yes.

COUNCIL BUSINESS:

Council Rules Review: Mayor Futcher spoke about a committee consisting of Councilmember Schimmel, Councilmember Roberson, and Mayor Futcher to draft the official rules of procedure for the Kelso City Council. The draft was sent to Councilmembers in September for their review. Upon motion by Councilmember Schimmel, seconded by Councilmember Myers, 'Approve the Council Rules as submitted.' Discussion followed.

Kelso City Attorney Janean Parker made the following suggestions:

Section 7-G – Meeting Place – There are occasions the Council might want to allow Special meetings to be held outside the city; however, language can be included stating no decisions will be made outside the city.

Section 7-F – Adjournment – Suggested including language to allow the meetings to end earlier if all business has been conducted.

Janean also said there are only two kinds of meetings under State law; that is, Regular and Special meetings. She suggested removing the reference to “Workshops”.

Councilmember Webb spoke about needing more time to review the document. Upon motion by Councilmember Webb, seconded by Councilmember Myers, ‘Table the motion to approve the Council Rules as submitted.’ Councilmembers Karnofski, Myers, Webb, and Schimmel voted yes. Mayor Fatcher voted no. Motion passed 4 to 1.

CITIZEN BUSINESS:

Anthony J. Currena, 803 S. 6th Avenue, spoke about a recent issue he had with a couple of dogs running loose. He called police and animal control personnel, but nothing was resolved. Chief Andy Hamilton said his door is always open and invited Tony to stop by to try to get the problem resolved.

Councilmember McDaniel arrived at 7:14 p.m.

Jerry Reagor, 335 Hazel, spoke about South Pacific from Yew Street to Hazel being in the county. The residential property from Yew Street to Hazel is in the county, but the street is in the city. He spoke about a lack of money to repair the street and suggested contacting the county to see if they would take it, since they already have other streets in that area. Mr. Reagor said he appreciated the work that has been done to the streets in the city. He also spoke about the railroad needing to clean up the area near the Peter Crawford House.

Continuation of Consent Agenda (Items that were Previously Removed):

Close out Demolition of Terry’s Salvage, 1124 N. Pacific:

Upon motion by Councilmember Myers, seconded by Councilmember Schimmel, ‘Approve the close-out of Terry’s Salvage.’ Councilmember Myers asked for clarification of the name of the contractor. Community Development Director Michael Kerins said the correct name of the business is TruFrame, LLC. Motion carried, all voting yes.

Water Wheeling Agreement-Beacon Hill Water & Sewer District:

Upon motion by Councilmember Schimmel, seconded by Councilmember Myers, 'Approve the Beacon Hill Water & Sewer District.' Public Works Director David Sypher said many years ago the City entered into an agreement with PUD for wheeling water to four different water districts. Currently, there are only two water districts remaining; i.e., Cowlitz Gardens and Williams-Finney. A new agreement is being brought to Council because the old one is outdated, and the PUD is trying to get out of the water district. Motion carried, all voting yes.

MOTION ITEMS:

Ordinance No. 10-3735 - Budget Revision #3 for 2010 Fiscal Year: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Karnofski, 'Adopt Ordinance No. 10-3735, 'AN ORDINANCE OF THE CITY OF KELSO AMENDING THE 2010 BUDGET TO REFLECT REVENUES AND APPROPRIATE FUNDS TO COVER EXPENDITURES OVER AND ABOVE THOSE ANTICIPATED AT THE TIME SAID BUDGET WAS ADOPTED.' Finance Director/City Clerk Brian Butterfield said if this budget revision is approved, Councilmembers will authorize going into reserves for approximately \$800,000. There would be no wiggle room next year to use any reserves. If it is not approved, we will go into reserves the \$430,000 that was originally budgeted. The amount could change depending on the jail bills for the last quarter and the amount of money we have to pay the County for court costs. Discussion followed. Motion carried, all voting yes.

Ordinance No. 10-3736 - Increase Business License Fees: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Myers, 'Adopt Ordinance No. 10-3736, 'AN ORDINANCE OF THE CITY OF KELSO AMENDING ORDINANCE NOS. 3657 and 3558, CODIFIED AS KMC 5.02.060 REGARDING BUSINESS REGISTRATION/LICENSE FEES FOR ENGAGING IN ANY BUSINESS IN THE CITY OF KELSO.' Councilmembers Karnofski, Myers, McDaniel, Webb, and Fatcher voted yes. Councilmember Schimmel voted no. Motion passed 5 to 1.

Ordinance (1st Reading) – Setting 2011 Property Tax Levy Amount: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember Myers, seconded by Councilmember McDaniel, 'Pass on 1st Reading, '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.' Discussion followed. Councilmembers Karnofski, Myers, McDaniel, and Fatcher voted yes. Councilmembers Schimmel and Webb voted no. Motion passed 4 to 2.

Ordinance (1st Reading) – Final Budget Reading: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember McDaniel, seconded

by Councilmember Karnofski, 'Pass on 1st Reading, 'AN ORDINANCE RELATING TO MUNICIPAL FINANCE AND ADOPTING A BUDGET FOR THE CITY OF KELSO FOR THE 2011/12 FISCAL YEARS.' Mayor Futcher said this budget does not anticipate any changes and it still includes the layoffs in the Police Department, since the proposal was not approved by the bargaining unit. Finance Director/City Clerk Butterfield spoke about the possibility of going into reserves by over \$500,000, if the cuts in KPD did not stand. Further discussion followed. Upon motion by Councilmember Schimmel, 'Amend the budget by reducing the salary of the Councilmembers by 50 percent.' City Attorney Parker said if passed, it wouldn't take affect for any councilmembers currently in office. The motion died for lack of a second. Upon motion by Councilmember Schimmel, seconded by Councilmember Webb, 'Amend the budget by reducing Councilmembers' salaries by 25 percent.' Discussion followed. Councilmembers Karnofski, Myers, McDaniel, and Futcher voted no. Councilmembers Schimmel and Webb voted yes. Motion failed 4 to 2. Mayor Futcher reminded Councilmembers of the original motion, to pass the ordinance on 1st reading. Motion carried, all voting yes.

Ordinance (1st Reading) – Amending Ordinance #10-3731 Regarding Latecomer

Agreement: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember Schimmel, seconded by Councilmember McDaniel, 'Pass on 1st Reading, '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,' motion carried, all voting yes.

Resolution No. 10-1033 – Assignment and Transfer to Beacon Hill Sewer District of

Water Wheeling Agreement: The Deputy City Clerk read the proposed resolution by title only. Upon motion by Councilmember Schimmel, seconded by Councilmember Myers, 'Adopt Resolution No. 10-1033, 'A RESOLUTION OF THE CITY OF KELSO, COWLITZ COUNTY, WASHINGTON CONSENTING TO THE ASSIGNMENT AND TRANSFER TO BEACON HILL SEWER DISTRICT OF WATER WHEELING AGREEMENT AND INTERLOCAL AGREEMENT FOR INTERIM WATER PURCHASE,' motion carried, all voting yes.

WALK ON ITEMS:

Mayor Futcher asked Finance Director/City Clerk Brian Butterfield to explain the three walk-on items. Brian spoke about the plans to build a reservoir and several waterline improvements that will be taking place. A bond opportunity came up on November 30th when the Cowlitz County Commissioners voted not to use their allocation for some money that was available from the recovery act in the form of low-interest taxable bonds. It usually takes about two months to go through the bonding process. The bonds have to be issued by the end of the year.

Resolution No. 10-1034 – Adopting Post-Issuance Policies and Procedures for

Bonds: The Deputy City Clerk read the proposed resolution by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Karnofski, 'Adopt Resolution No. 10-1034, 'A

RESOLUTION OF THE CITY OF KELSO, WASHINGTON, ADOPTING POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES FOR TAX-EXEMPT AND TAX-ADVANTAGED BONDS.' Public Works Director David Sypher said this pertains to the Paxton Road reservoir. He also spoke about the program they have been working on for three years pertaining to the urgent failing waterline list. The design is complete and this will provide the funding to complete the project. Motion carried, all voting yes.

Resolution No. 10-1035 – Designating the City of Kelso as a Recovery Zone for the Purpose of Issuing Recovery Zone Economic Development Bonds:

The Deputy City Clerk read the proposed resolution by title only. Upon motion by Councilmember Myers, seconded by Councilmember McDaniel 'Adopt Resolution No. 10-1035, 'A RESOLUTION OF THE CITY OF KELSO, WASHINGTON, DESIGNATING A RECOVERY ZONE FOR PURPOSES OF SECTIONS 1400U-1 AND 1400U-2 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.' Finance Director/City Clerk Butterfield said there are around four things that can qualify a city to be designated as a recovery zone, and Kelso passed in three of the four categories. Discussion followed. Motion carried, all voting yes.

Ordinance (1st Reading) – Providing for the Issuance of \$4,225,000 Par Value

Water/Sewer Revenue Bonds: The Deputy City Clerk read the proposed ordinance by title only. Upon motion by Councilmember McDaniel, seconded by Councilmember Myers, 'Pass on 1st Reading, '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 \$4,225,000 TO PROVIDE THE FUNDS NECESSARY TO CONSTRUCT A NEW WATER RESERVOIR AND REPLACE CERTAIN WATER MAINS 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.' Brian noted the bond will be issued in two series (A and B). The Series A Bond is a traditional tax exempt bond, and it will be issued in the amount of \$560,000. The Series B Bond is the recovery zone economic development bond, and it will be issued in the amount of \$3,665,000. The Series B Bond is not a tax exempt bond; however, the City will receive a 45 percent subsidy from the IRS on all interest payments. Discussion followed. Motion carried, all voting yes.

CITIZEN BUSINESS:

Mayor Fatcher asked Councilmembers if they wanted to allow further comments from citizens who turned in their slips late. It was the consensus of the Council to allow them to speak at this time.

Randal Meirndorf, 1015 S. 13th Avenue, spoke about the fee for turning off water going from \$60 to \$100 and discontinuing the hanging of door tags that notify customers their water is about to be turned off. Discussion followed.

Heather Douglas, 916 S. 6th Avenue, spoke about the changes making it harder for people who are having financial difficulties to pay their water bills.

Jerry Reagor, 335 Hazel, spoke about an elderly couple who had the money, but just forgot to pay the bill.

Mayor Fatcher said the City also has to protect the people who pay their bills on time so they don't have to subsidize everyone else. It was suggested people who tend to forget to pay their bills might want to sign up for Rapid Pay, which automatically takes the money out of their account and pays the bill. Further discussion followed.

MANAGER'S REPORT:

Dennis Richards: 1) The last couple of months have been really tough. Last week, when we had to mail out layoff notices, was the toughest time I have had in my career in city management. 2) We have the Kelso Village Street Plan in our hands. We might start seeing some progress in January. 3) The library remodel is coming along. 4) A permit has been issued for the old Hilander to be torn down. 5) Splits received a license from the Gambling Commission for card tables. 6) Thanks to the employees and staff who supported a couple of families at Thanksgiving. We are doing the same thing for Christmas. There is a giving tree upstairs for anyone who would like to take a tag. 7) Councilmember Webb spoke about the budget and asked if the discussion concerning the Police Department was over. Denny said they voted not to take a 5 percent cut to save the layoffs.

STAFF REPORTS:

Janean Parker: I will be meeting with the attorneys representing the other entities in the airport governance agreement to try to figure out what the attorneys' issues are. We will also try to address some of the issues raised by the FAA representative. City Manager Richards, the chairman of that board, said this has been a cumbersome process.

David Sypher: 1) This is the time of year we are doing our inventories as required by law, planning for the next year's construction season, cleaning out the leaves in the catch basins, and doing our design work in the engineering offices. 2) We were successful in

receiving a \$4.6 million grant for the West Main project. This will allow us to get two of the three projects done. The design and environmental review will take place during 2011 and construction will take place in 2012. 3) We have been putting in a lot of work on the reservoir and water main project that you just approved the funding for tonight. 4) In January, we will be bidding on some projects. 5) These are difficult times. The budget issue is a tough thing. I am proud of everyone for the work they are doing.

Michael Kerins: No report

Cindy Donaldson: 1) The library will close December 23rd at 5:00 p.m. to begin packing and moving to the Three Rivers Mall. We plan to open January 15th. 2) We had three Christmas parties this past week, with over ninety children and their families attending. 3) As the co-chair of the Kelso Tree Lighting Festival, I would like to thank all who helped to make it a successful event.

Andrew Hamilton: Spoke about the investment the City has made and the importance of keeping trained officers and asked Councilmembers to amend the budget by using whatever money is available to limit officer layoffs. The loss of six officers would drastically affect public service. (Two officers are taking early retirements, one is being transferred to the Task Force, and three officers and a records clerk would be laid off.) Mayor Fatcher said the proposal was to add on enough money to save the positions (approximately \$200,000) if the association would take a 5 percent pay cut (a savings of approximately \$90,000). Discussion followed. Upon motion by Councilmember Webb, seconded by Councilmember McDaniel, 'Utilize \$115,000 for 2011 and \$215,000 for 2012 to save jobs in the Police Department.' Discussion followed. Finance Director Butterfield noted this could put Chief Hamilton in an awkward position. Giving him \$100,000 next year and \$200,000 the following year, would mean he would have to lay off people one year and bring them back the following year. If you are going to go into reserves for the purpose of saving a police officer's job, you might want to do it in a way that would work better. Discussion followed. Upon motion by Councilmember Myers, 'Move to close this discussion.' Motion died for lack of a second. Further discussion followed. Mayor Fatcher spoke about the consensus of the Council at the November 4th Special Meeting which was to support dipping into the general reserves up to \$115,000 for 2011 and \$230,000 in 2012, if the Police Department agreed to take a 5 percent reduction in pay to save four jobs. (The offer was rejected.) Mayor Fatcher reminded Councilmembers of the motion that was before them; that is, to commit the funds that were allocated to reduce the layoffs.

Officer Ken Hochhalter, suggested reversing the amounts to \$215,000 for 2011 and \$115,000 for 2012, because it might buy them another year. Discussion followed.

Officer David Voelker, spoke about the process of getting a police officer, which costs the City lots of time and money. He would like the City to give the department and officers more time to prepare for what might happen next year at budget time.

Councilmember Webb said his original motion was intended to allot approximately \$300,000 over the next two years. How it is split up is not really an issue for him. Upon motion by Councilmember Webb, 'Amend my previous motion to allot approximately \$300,000 to the Police Department for retaining the officers for the next two years.' The motion died for lack of a second. Discussion followed. **Once again, Mayor Futcher clarified the motion, which is to allocate \$115,000 and \$215,000 between the two years.** Discussion continued. Mayor Futcher said eventually, we might need to ask the citizens if they would be willing to help fund public safety. Councilmember Webb voted yes. Councilmembers Karnofski, Myers, McDaniel, Schimmel, and Futcher voted no. **The motion failed 1 to 5.**

Brian Butterfield: Due to the budget constraints, the Finance Department is proposing to shorten the hours we are open to the public (opening 9:00 to 5:00 rather than 8:00 to 5:00). Other departments, who are also losing employees, may want to do the same.

COUNCIL REPORTS:

John Karnofski: No report

Dan Myers: 1) Cowlitz Diking District No. 3 is looking for volunteers to patrol dikes during heavy rain and potential flooding. 2) The Kelso Tree Lighting was a great event. Unfortunately, we had one passenger headed for Eugene who missed the train because he didn't hear the announcement.

Todd McDaniel: No report

James Webb: No report

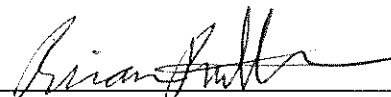
Gary Schimmel: 1) I want to encourage Councilmembers, in the future, to take a leadership role. We need to set an example and encourage employees to follow our lead. 2) Thanks to the staff for putting on the Kelso Tree Lighting event.

David Futcher: No report

There being no further business, Mayor Futcher adjourned the meeting at 9:02 p.m.



MAYOR



CITY CLERK