

**City of Enumclaw
1339 Griffin Avenue
Enumclaw, WA 98022**

**City Council Regular Session
City Hall Council Chambers
June 13, 2005 7:30 P.M.**

CALL TO ORDER AND FLAG SALUTE:

Mayor Wise called the meeting to order at 7:31 p.m. Council Member S. Krebs led the pledge of allegiance.

S Krebs announces all council present.

ATTENDANCE:

Council Members J. Krebs, Jensen, Mahelona, Beckwith, Ennis, Hogan and S. Krebs were present. Also present were Mayor Wise, City Administrator Bauer, City Attorney Reynolds, City Clerk Hopkins, Communications Coordinator Funfar, Public Works Director Searcy, Community Development Director Johnson, Finance Director Smalling, and Police Chief Zoll.

ADJUSTMENTS TO THE AGENDA:

Mayor Wise announced the following adjustments to tonight's agenda: Add 3.C.4 Community event of the Rotary Park dedication. Add 8.D.3, Public Hearing for June 27, 2005, for the Transportation Improvement Projects. Pull 8.C.3., Natural Gas Project and move it to General Items, Action Item, 9.C.1.a. Add 9.C.C., Special Collections Event. Also added 3.A.1, Walt Pulium to announce Lisa Parsons as the Gallery 2005 Photographer and Walt will also handle the Evenings on the Plateau discussion for July 4, 2005.

ANNOUNCEMENTS AND PRESENTATIONS:

A. ANNOUNCEMENTS

1. Announcement of the Gallery 2005 New Artist Photographer Lisa Parson

Pulium summarized the Enumclaw Arts Commission press release Gallery 2005, Visual Arts Exhibitions; Lisa Parsons's background, exhibit features, gallery hours and other featured artists and their scheduled exhibition dates.

2. Announcement of the Forth of July Weekend

Pulium announces that the Forth of July weekend will begin by a performance by the acclaimed United States Air Force band of the Golden West. The Enumclaw Arts Commission is bringing this performance to you on Saturday June 2, 2005 at 6:30 p.m. at the Enumclaw High School Auditorium. The performance is free, however tickets are necessary. Tickets are available at Parks and Recreation office or at the Enumclaw Courier Herald.

B. CITY EVENTS

1. Summer Reading Club Sign Up begins Monday, June 13, 2005, at the Enumclaw Library
2. Evenings on the Plateau Performance, The Cheryl Serio Quintet, Monday, July 4, 2005, 7:30 p.m. at Pete's Pool

Mayor Wise read the announcements.

C. COMMUNITY EVENTS

1. American Cancer Society's Relay For Life 18 Hour Fund Raiser June 24 at 7:00 p.m. ending June 25 at noon at the Enumclaw Library

Mayor Wise stated that this year's event was in honor of Korey Rose who died last year of cancer. His team last year raised over \$14,000 for American Cancer Society. Some of the team's names include, Holy Cows, Marilyn's Happy Hoofers, and The Mootastics. It's a fun event with a carnival atmosphere and live entertainment as well as Cancer education. This year's goal is \$80,000, of which we have already collected \$7,500 in local sponsorship. 27 teams have registered and we expect about 400 participants. The survivors lap is expected to be about 100 people strong. There is still time to be a part of The Relay for Life either on a team, in the survivor's lap or just honoring a cancer survivor. Please contact Marcia Hopkins at City Hall or Mayor John Wise at 360-802-0229 for information.

2. Air Force Band Performance at Enumclaw High School Auditorium, Saturday, July 2, 2005, at 6:30 p.m. Free Admission.
3. Stars and Stripes 4th of July Celebration, 12:00 Noon Family Activities at Downtown Parking Lot; 6:00 p.m. Parade on Cole Street; 10:00 p.m. Fireworks at King County Fairgrounds

Mayor Wise read.

Added 4. Rotary Centennial Park dedication Thursday, June 16, 2005 at 1:00 p.m.

Mayor Wise thanks The Rotary Club and all those apart of putting the park together. The park looks really nice and he has heard a lot of positive comments in regards to it.

COMMENTS FROM THE AUDIENCE:

None

PUBLIC HEARING:

None

TABLED BUSINESS:

None

COUNCIL COMMITTEE REPORTS:

A. Finance - Mahelona, Chair

Mahelona stated the Committee met June 9, 2005, and audited claims # 146084 - #146219 for the Grand Total of \$771,340.36. The next meeting will be June 23, 2005, at 5:30 p.m. at City Hall.

B. Community/Economic Development - Ennis, Chair

The CED committee on June 9, 2005, discussed several items. The first was a special meeting on June 2, 2005, to talk about the Nielson property. Les Johnson is going to talk about this later in the agenda. They also discussed Ordinance No. 2254, Comprehensive Plan, a recommendation will be made later in the agenda. They also discussed 3 items regarding a special moratorium planning meeting: a possible date, Wednesday June 29, 2005, from 4:00 pm to 6:00 pm in the Stevenson/Yerxa building; expectations from staff; and a list of objectives of what was expected by the end of the meeting.

Ennis handed out the outline of questions. The list is an outline of expectations that they would like staff to present, some background information, legal analysis and different issues that have come up over the six months that they have been looking at this.

S. Krebs stated that the scope of the discussion was on the issues involving the lifting of the annexation moratorium, what staff resources would need to be ready for this, and what the timeline may be. He then suggested that they give the council an opportunity to look over the list and think of some ideas and then revisit it again under New Business.

Mayor Wise agreed to move it to New Business.

Ennis said he would be happy to address it later in the meeting. He also let the council know that the next CED meeting will be June 23, 2005, at 6:00 pm in the Stevenson/Yerxa building.

D. Community Services - Beckwith, Chair

Beckwith stated the Committee had not met since the last council meeting. The next meeting will be on June 14, 2005, at 7:00 a.m. at City Hall. He then let the council know that he had a chance to speak with former Parks Director John Keates. He is doing very well over in Chelan but has encountered a few more problems with Memorial Day than they typically have in Enumclaw, however, things are going well for him. Also, people have been asking when to expect a new Parks Director. He stated the interviews are starting this Wednesday and we are hoping to find someone as worthy as John Keates.

D. Legislative Action Committee – S. Krebs, Chair

S. Krebs stated there has been no meeting and they do not have one scheduled at this time.

E. Public Safety - Jensen, Chair

Jensen stated the Committee had met June 13, 2005, at 6:00 p.m. They discussed the police department changing their recordkeeping from number of cases to a priority dispatch model, the security report has been finished, and the implementation of the new security procedure at the Enumclaw Municipal Court has been completed. Old business discussed was the channelization and that they are still waiting for grant information, and the Warner Avenue/Semanski Street intersection to which there is a meeting June 14, 2005. After this meeting, we should have a better idea of what is happening with that intersection. We discussed the hospital crossing letter, which is on the engineers list, and also fire inspections. Under new business we discussed the opportunity for a Corrections Officer to move up to Police Officer. The next meeting is July 11, 2005, at 6:30 pm at City Hall.

F. Public Works – Hogan, Chair

Hogan stated that the Committee met June 13, 2005, at 7:00 pm and discussed a bid award for the high pressure gas main replacement and reviewed the 2006-2011 transportation improvement program prioritizations. The next meeting will be June 27, 2005, at 7:00 p.m. at City Hall.

CONSENT AGENDA:

A. MINUTES

1. City Council, 5/23/05

B. CLAIMS

1. Announced During the Finance Committee Report

C. PAYROLL

1. May 2005 Payroll Checks #25444, 6311-6413 in the amount of \$223,685.87, plus 181 Direct Deposits in the amount of \$251,754.42 plus Bank Wire ICMA and 941 Taxes in the amount of \$146,052.68 for a Grand Total Amount of \$621,492.97.

D. SET SPECIAL MEETINGS

1. Water and Sewer Rate Study Council Workshop, Monday, June 20, 2005, 7:00 p.m. at City Hall.
2. Council Workshop on Council Goals, Monday, July 18, 2005, at 7:00 p.m. at City Hall.

E. BID AWARD

1. Natural Gas Main Replacement Project #0404

Mayor Wise reminded the council that the Bid Award was pulled from the agenda. He also announced the Public Hearing on June 27, 2005, at 7:30, for the 2006-2011 Transportation Improvement Project List.

Searcy added that it was a state law requirement that the Public Hearing be held prior to the adoption of the plan.

Beckwith stated that he would not be able to attend the June 20, 2005, Water and Sewer Rate Study Council Workshop and wanted to make sure there would be enough people to form a

quorum.

S. Krebs and J. Krebs also could not attend.

Searcy stated he wanted as many council members as possible, since this would set policy guidance for the rate studies and how the consultant will proceed. He then stated that the meeting could be condensed down to 45 minute or an hour and could be added as an item at the end of a regular council meeting. However, the agenda for the June 27, 2005 meeting is looking very full so this meeting probably should be rescheduled.

Bauer agreed that the next City Council Meeting Agenda is very full and proposes that the meeting be changed. He then asked for another day outside of a Monday that this meeting could be held on.

S. Krebs proposed Tuesday, June 28, 2005.

Ennis can not attend on June 28, 2005.

Council agrees on June 29, 2005 at 7:00 p.m.

Beckwith thanks the council.

BECKWITH MOVED TO APPROVE CONSENT AGENDA LESS THE BID AWARD. S. KREBS SECONDED. MOTION CARRIED 7-0.

GENERAL BUSINESS:

A. ORDINANCES

1. Ordinance No. 2254 - Comprehensive Plan Update (draft #2)

S. KREBS MOVED TO READ ORDINANCE NO. 2254 FOR SECOND READING BY TITLE ONLY. JENSEN SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2254

AN ORDINANCE OF THE CITY OF ENUMCLAW, KING COUNTY, WASHINGTON REPEALING EXISTING ENUMCLAW COMPREHENSIVE PLAN AND ADOPTING THE 2005 ENUMCLAW COMPREHENSIVE PLAN PURSUANT TO THE WASHINGTON STATE GROWTH MANAGEMENT ACT, CHAPTER 36.70A RCW AND ADOPTING FINDINGS OF FACT.

Staff Report:

Community Development Director Johnson handed out a sheet that had one additional item that will be proposed. This additional item is in regards to the library and the possible replacement of the existing tile roof in the amount of \$125,000.00. There have already been some issues with the roof at the library. This is not saying that we must replace the entire roof; it's intended as a worse case scenario to provide the potential replacement through a listing of a capital facility project as an option for funding. This is the only change that differs from the report given at the last Council Meeting.

Council Comments:

Hogan questioned the million dollars that has been set aside for the Fire Ladder Truck. A prior discussion had been held about cost sharing opportunities with the fire district. How detailed does this need to be for the purposes of having it in the plan.

Johnson answered that it did not need to be any more detailed. This is not identifying the issue of cost sharing, it's a worse case scenario, and it's providing additional funding options and opportunities available to us.

Mayor Wise told Johnson that he has done a great job and thanked Johnson for all of his work on this large project.

Council Committee Report:

Ennis also thanked Johnson and the entire planning department for all of their hard work and that the CED committee recommends approval.

ENNIS MOVED TO APPROVE ORDINANCE NO. 2254. BECKWITH SECONDED. MOTION CARRIED 7-0.

2. Ordinance No. 2260 – Water/Sewer Revenue Bond Refinancing

S. KREBS MOVED TO READ ORDINANCE NO. 2260 FOR SECOND READING BY TITLE ONLY. BECKWITH SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2260

AN ORDINANCE OF THE CITY OF ENUMCLAW, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE BONDS OF THE CITY IN THE PRINCIPLE AMOUNT OF \$7,040,000.00 TO REFUND CERTAIN OUTSTANDING WATER AND SEWER REVENUE BONDS OF THE CITY; FIXING THE DATE, FORM, TERMS AND COVENANTS OF SUCH BONDS; PROVIDING THE TERMS UNDER WHICH THE CITY MAY ISSUE FUTURE WATER AND SEWER REVENUE BONDS ON A PARITY WITH SUCH BONDS; AND APPROVING THE SALE OF SUCH BONDS.

Staff Report:

Finance Director Smalling stated that they met last week in a special session and discussed this issue. Steve Gaidos, our financial advisor, gave an explanation of the process. Smalling acknowledged that at the last staff report, he made an error. He had estimated that the net present value savings would be \$350,000, the actual net present value savings will be over \$450,000. Steve Gaidos is here tonight to provide a brief summary of what happened. Rick Thomas, the underwriter for Wells Fargo is also here to answer questions.

Gaidos began by stating that he had been enjoying this particularly because they had had such good luck today in the market. Despite rising interest rates, they went into the market and priced extremely aggressively and as a result were able to increase what he estimated savings to be as of last Monday at \$577,000 gross, is now just about \$600,000. He then went over a handout that showed bond issues that have been sold recently that are comparable to the one they just sold for the City of Enumclaw. The handout showed how your issue sold very strongly against the market. One of the reasons this is true is because you got a solid A rating on your bond issue as an underlying rating. Your bonds, because of the insurance company backing, will carry an AAA rating, which is the highest investment grade, and you gained this by having your bonds insured. This allows you to have very low interest rates and the benefit to having this insurance is roughly \$57,000 to \$65,000 better than it would have been, this includes the cost of the insurance. The A rating is a very favorable rating for a city of your size. Possibly up to 30% of the city's in this State have ratings in the A category, 5% in the AA category and the City of Seattle is the only one, if they have it, an AAA rating.

Council Comments:

Ennis started off by stating this is a good day for the City of Enumclaw because of all of the savings. He then asked about the interest and how he noticed that the interest paid fluxuates every year which tells him that this is not going to be a level debt service.

Gaidos explained that they combined the two, principle and interest, and as the principle amount goes up, the interest goes down. The total paid each year end is really close from year to year; this is for your Parity Bonds, or first lien obligations. When you take into account your Jr. Lien obligations which include public works, trust fund loans and such, your total debt service looks different because they pay off in a different way than the Parity Bond. They choose to have the debt service on your first lien issue to be as close to equal from year to year as possible.

Council Committee Report:

Mahelona said the Finance committee recommends approval.

**MAHELONA MOVED TO APPROVE ORDANCE 2260. JENSEN SECONDED.
MOTION CARRIED 7-0.**

3. Ordinance No. 2261 – Amending EMC Establishing Claims, Payroll, Narcotics Investigation, Cemetery Beautification, and Police Department Equipment and Maintenance Reserve Funds.

MAHELONA MOVED TO READ ORDINANCE NO. 2261 FOR FIRST READING BY TITLE ONLY. S. KREBS SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2261

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ENUMCLAW, WASHINGTON, AMENDING MUNICIPAL CODE CHAPTER 2.56, ESTABLISHING THE CLAIMS FUND AND REPEALING CHAPTERS 2.60, 2.62, 2.71, 2.98 E.M.C. WHICH ESTABLISHED THE PAYROLL, NARCOTICS INVESTIGATIONS, CEMETERY BEAUTIFICATION AND POLICE DEPARTMENT EQUIPMENT AND MAINTENANCE RESERVE FUNDS.

Staff Report:

Finance Director Smalling stated that three funds have not been used for years, two of them closed in 1993, one was closed in 1998, and there is no reason to have them in the Municipal Code. There was a fund at one point for Accounts Payable checks to go through and a fund for Payroll checks to go through. In 2000, those activities were consolidated into one fund and we no longer have a payroll clearing fund at this time. This acknowledges that fact and changes the language in the claims fund to make it a claims clearing fund handling both types of checks.

Council Comments:

None

4. Ordinance No. 2262 – Amending EMC Setting the Interest Rate Charged on Past Due Utility Accounts.

MAHELONA MOVED TO READ ORDINANCE NO. 2262 FOR FIRST READING BY TITLE ONLY. JENSE SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2262

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ENUMCLAW, WASHINGTON, AMENDING THAT PORTION OF MUNICIPAL CODE CHAPTER 14.01 GENERAL REGULATIONS FOR UTILITES, SECTION 14.01.010 UTILITY PAYMENT – DELINQUENT WHEN, SETTING THE INTEREST RATE CHARGED ON PAST DUE ACCOUNTS.

Staff Report:

Finance Director Smalling stated that there is a conflict; municipal code states that the interest rate charged on late utilities is 1%, however, in March of 2003, City Council past Resolution No. 975 setting rates and charges in the city, including the late interest rate on utilities to 2%. This removes that conflict by changing the municipal code to reference the resolution method for setting the interest rate.

Council Comments:

None

5. Ordinance No. 2263 – Closing the EMS Equipment Purchase Fund 350 and Transferring the Proceeds to a Restricted Cash Line in EMS Fund 161

MAHELONA MOVED TO READ ORDINANCE NO. 2263 FOR FIRST READING BY TITLE ONLY. JENSE SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2263

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ENUMCLAW, WASHINGTON, CLOSING THE EMS EQUIPMENT PURCHASE FUND 350 AND TRANSFERRING THE PROCEEDS TO THE EMERGENCY MEDICAL SERVICE FUND 161.

Staff Report:

Finance Director Smalling stated that there is a construction fund set up essentially as a savings account for EMS Equipment purchases. It typically has between \$10,000 and \$20,000 in it. This is an improper use for a construction fund. Constructions funds should be used for construction, not a savings account. It is also an unnecessary duplication. We will move the money into a restricted cash line in fund 161, the EMS Fund, and track the expenditures in that fund.

Council Comments:

Beckwith wanted to take the time to thank Smalling for all of the time he had spent on all of the finance projects.

6. Ordinance No. 2264 – Transferring the Senior Center Division 085 of the General Fund to the Human Services Fund 185.

MAHELONA MOVED TO READ ORDINANCE NO. 2264 FOR FIRST READING BY TITLE ONLY. JENSE SECONDED. MOTION CARRIED 7-0.

City Clerks Read by Title Only

ORDINANCE NO. 2264

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ENUMCLAW, WASHINGTON, TRANSFERRING THE SENIOR CENTER DIVISION 085 OF THE GENERAL FUND TO THE HUMAN SERVICES FUND 185.

Staff Report:

Finance Director Smalling stated that the Human Services Fund was created a few years ago and for some unknown reason, the Senior Center was not moved into that fund. It currently is a separate division in the general fund but it more appropriately belongs with the other Human Services functions. This ordinance will transfer the Senior Center to the Human Services Fund 185 and designate it with a unique division number within that fund so its activities can be tracked as they are now.

Council Comments:

None

B. RESOLUTIONS

1. Resolution No. 1090 – Agreement for the Improved and Expanded Wastewater Treatment Plant with Villa Vista LLC

City Clerk Read by Title Only

RESOLUTION NO. 1090

A RESOLUTION OF THE CITY OF ENUMCLAW, KING COUNTY, WASHINGTON, AUTHORIZING THE MAYOR TO EXECUTE A PURCHASE AGREEMENT FOR THE IMPROVED AND EXPANDED WASTEWATER TREATMENT PLANT WITH VILLA VISTA LLC.

Staff Report:

City Attorney Reynolds stated that this real estate is necessary for the expansion of the Waste Water Treatment Plant. The real estate is adjacent to the treatment plant. It includes the vacant land and an apartment complex. The property owners felt that it would have an impact upon the apartment complex, which has a 40 unit structure, which would then be adjacent to the new expanded Waste Water Treatment Plant. Ultimately, as was previously reported to the council, we proceeded forward with the property owners of acquiring the apartment along with the real estate. This is an agreement that follows the protocol of an eminent domain process. This process is where the government needs a particular piece of real estate in order to expand an operation of public health, safety and welfare of the citizens. They are then allowed to proceed with the taking. The taking is done in two steps, the first stage is the declaration of public use and necessity, if this is not agreed upon it goes to court and the court decides if it is a necessity. The next stage is to pay the property owners the fair market value of the property taken. In this case, the property owners have agreed that the city does have and will have public use and necessity.

Our next matter to be worked out in this eminent domain process is to adequately compensate the property owners. What they wanted to do is have the city enter an agreement first before they go to the expense of retaining appraisers to obtain their values. Once this is done, we can work with the property owners to arrive at a fair value for the acquisition of that real estate. In the mean time, by entering into this agreement, this allows us to proceed with the various functions that Chris needs to perform in order to facilitate the structure of the facility. It is anticipated that once we arrive at an agreement, what we would like to do is provide a closing of the transaction on or about the same time that we would get into another transaction that we would then convey the apartment complex part of the property to a third party. We would then be going out for requests for proposals on persons that would be interested in the acquisition of that apartment complex. We can not do that at this time, although we have been in discussion with a number of interested parties, but in order to go forward with this, we would need to arrive at a value. Our objective is to make the closing of this transaction as closely as possible to a third party transaction to where the property will go from the city to a third party.

Council Comments:

Hogan asked, in the event that we are unable to come to agreement about price, is there some kind of mediation process involving court?

Reynolds stated that the agreement specifically says that the first step is mediation, but mediation is nonbinding. If we are unable to agree, it will go to a hearing with the King County Superior Court where the compensation will be decided.

Hogan asked if this would slow down the project.

Reynolds answered that the only remaining issue is the appropriate amount of compensation. This would not slow the project down.

J. Krebs stated that while she understands the need to pass this resolution to move forward on this project, she is very reluctant to have the city take on the ownership of this apartment building. It takes away from the fundamental core services that the city is suppose to be providing. As we have learned, property management is taking up far too much staff time as it is. she will vote to approve this in hopes that we are able to move in a more expeditious manner, but she do hope, that we will be able to convey the apartment building to a third party as soon as we can.

Ennis asked at this time, are we invoking eminent domain.

Reynolds answered, we are not.

Ennis asked, in the event that we have to invoke eminent domain, would you have to include the 40 unit apartment complex?

Reynolds answered, yes, we would have to.

Ennis asked why they would have to include it in the eminent domain if we were not asking for it.

Reynolds stated that their argument would be that it would significantly damage the property.

Ennis stated that he did not see an amount of the transaction we are giving the mayor to complete. Is that unusual?

Reynolds stated that the base amount of the transaction is what our appraisal is, anticipating that their appraisal will be equal to or greater than. We don't know at this point, but this allows us to attempt to mediate and if not mediate, then to let a court decide what the amount of the compensation will be.

S. Krebs stated that he understands that acquisition of the property is ultimately very essential to the completion of this project. He has had the opportunity to speak to Mr. Bauer regarding this, but I am uneasy about taking over the apartment complex. He is not going to support this tonight. He can not reconcile agreeing to purchase property when we have no idea what the final amount will be. He said there are too many variables in this and although he doesn't like to vote against something without a better suggestion, he does not have one tonight.

Council Committee Report:

Mahelona stated this was almost taken up to the finance committee and while no one is thrilled about the idea of potentially being an apartment complex owner, the administration has enough information to move forward.

MAHELONA MOVED TO APPROVE RESOLUTION NO. 1090. J. KREBS SECONDED. MOTION CARRIED 5-2. S. KREBS AND ENNIS OPPOSED.

2. Resolution No. 1094 – Acknowledge Existing Interfund Loans and Establish Repayment Terms.

City Clerk Read by Title Only

RESOLUTION NO. 1094

A RESOLUTION OF THE CITY OF ENUMCLAW, KING COUNTY, WASHINGTON, AUTHORIZING THE FOLLOWING INTERFUND LOANS AND ESTABLISHING REPAYMENT TERMS.

Staff Report:

Finance Director Smalling stated the Budgeting, Accounting and Reporting System consolidates information from the Washington State constitution, the Washington Administration Code, the Revised Code of Washington and the Attorney Generals Opinion's, as they relate to accounting

in government agencies in this state. It clearly states that interfund loans need to state the amount, date of origination, and the terms. While the city has generally approved interfund loans in the past, they have not achieved all of those objectives. This is a housekeeping measure that simply acknowledges all existing interfund loans. There was one error on the original resolution that he put together and they have received a correction to that. It's the water fund loan to the LID Construction fund 301. If the loan is for a like activity, meaning from a street fund to a street project, there is no interest rate charged. In this case, it went from the water fund to a street activity which means the interest rate should be charged at 3%. We will be meeting a week after next to discuss a number of these projects and continually building on the work that interim Finance Director Scott did on projects. A lot of these interfund loans will be disappearing as we agree on the status of projects and the need for cash, and also we will be coming forward later on this year with the LID funding proposal for Warner Street.

Council Comments:

Hogan wanted clarification of the 3% interest rate, is that by statute somewhere.

Smalling answered no, the idea is that the lending fund will make more money than they would in the State Pool, and the Borrowing Fund would get a better deal than they would externally, thus benefiting both funds. At the time, December 2004, when this loan was made, 3% was the interest rate.

Council Committee Report:

Mahelona stated that the Finance Committee recommends approval of Resolution No. 1094.

MAHELONA MOVED TO APPROVE RESOLUTION NO. 1094. J. KREBS SECONDED. MOTION CARRIED 7-0.

3. Resolution No. 1095 – Updating Investment Policy

City Clerk Read by Title Only

RESOLUTION NO. 1095

A RESOLUTION OF THE CITY OF ENUMCLAW, KING COUNTY, WASHINGTON, AMMENDING RESOLUTION NO. 515 AND ADOPTING AN UPDATED INVESTMENT POLICY.

Staff Report:

Finance Director Smalling stated the revised policy is modeled after the model policy designed by the Municipal Treasures Association of the State of Washington, current professional literature and recommended practice statements by the Government Finance Officers Associations. It rectifies the exclusion from the original policy of investments of state and local governmental bonds and the state investment pool. It expands the length of authorized investments from three to five years, although in this market our investments are less than one

year. The glossary portion of the policy is also expanded. The primary objective's of the Prudent Municipal Investment Policy is safety of the investment, liquidity, and return on investment. This policy is supposed to be reviewed by the council every year and we will make every attempt to do so in the future. He will have a short first quarter investment report for Council later in the meeting.

Council Comments:

Jensen wanted to let the council know that Smalling had already improved the investment portfolio.

Council Committee Report:

Mahelona stated that the Finance Committee recommends approval of Resolution No. 1095.

MAHELONA MOVED TO APPROVE RESOLUTION NO. 1095. BECKWITH SECONDED. MOTION CARRIED 7-0.

Mayor Wise thanked Smalling for all of his good work.

C. GENERAL ITEMS

City Administrator Bauer noted the monthly routine staff reports

1. Action Items

- a. Natural Gas Main Replacement Project (added)

Staff Report:

Public Works Directory Searcy stated that the 2005 budget provides for the replacement of 12,500 linear feet of high-pressure gas main between SR 164/228th Avenue and 244th Avenue/456th Way, and for replacement of an existing 4" gas crossing of SR 410 at 244th Avenue. In the budget, there was \$500,000 set aside as restricted cash for the construction of this project with the balance of this project to be financed through a bank loan or revenue or GO bonds. In December of 2004, council authorized Cascade Natural Gas to provide design services, and in May 2005, authorized the procurement of materials for this fast track project. The project must be completed before the beginning of the 2005-2006 winter heating season and a section of the City's high pressure main on SR 164 must be retired to accommodate a WSDOT road project on SR 164 that is currently out for bids. Competitive bids were solicited for this project. Three bids were received; the low bidder was Pilchuck, \$1,319,694.12. The low bid did come in right in line with the engineers estimate. Pilchuck has done work for the city before and they are well qualified. The overall cost of the project does exceed the original estimate; the original estimate was prepared in 2003. Some of the reasons include: the original budget assumed an in house design, but now, using Cascade Natural Gas, the cost about \$94,000; the rising steel prices just about doubled the cost of steel prices which impacted us about \$35,000; the alignment of the high pressure section is being changed: and due to changes in the counties standards for utilities trenches, it has forced us into the paved section which increases the project by over \$210,000.

There were also conflicts on SR 164 that required an additional 500 feet of gas main this is costing us another \$60,000. Another item that was added to the bid schedule, although it's not necessary for the DOT project, is at the 244th/SR 164 intersection, we have designed a crossing there of steel casings for future high pressure gas main and to up size the crossing there to a 4 inch line to provide for increased system pressures. This work will allow the system pressures to be increased and are designed to give a little bit of cushion to allow future growth of customers. This is going to add about \$100,000 to the project, but it was estimated to be about 3 times that price if we were to come back in the future to do this. The original project was 1.2 million; the project section to cross SR 410 at 244th has a remaining budget of about \$208,000. There is a line item remaining in the budget for about \$15,000 for gas relocation on SR 164. Also, a high pressure emergency valve left from long ago has a remaining budget of about \$30,000. The total of those is about 1.45 million in budgeted projects. The estimate of project cost, including design, advertisements, King County Permits, overlays that are being deferred until 2006, and a 10% construction contingency puts the total project cost at \$1,968,000. This is proposed to be financed either as a bank loan or a limited GO Bond in the amount of \$1,500,000 with a balance of slightly less than \$500,000 to be taken out of Natural Gas Utilities Cash Reserves.

Council Comments:

J. Krebs asked what the original project estimate was.

Searcy stated the project estimate for just the high pressure line was 1.2 million, not including the SR 410 crossing. If you include the SR 410 crossing, it would be about 1.4 million.

Council Committee Report:

Hogan stated that the Public Works Committee recommends they award the bid to Pilchuck.

HOGAN MOVED TO AWARD PILCHUCK THE AMOUNT OF \$1,319,694.12. S. KREBS SECONDED. MOTION CARRIED 7-0.

2. Informational Reports

- a. Nielson House Update by Les Johnson, Community Development Director

Staff Report:

Community Development Director Johnson stated that in response to council's action in the May 23, 2005 meeting, the Community Development Committee conducted a special meeting on June 2, 2005 in matters of the code violation issues involving 2016 Nielson Avenue. He has provided a brief memo to you for overview for what transpired at that meeting. City Administrative Bauer, Goode, a neighbor, and Barclay, the property owner, attended the meeting. A background report was provided and they discussed the amendments to the procedure and addressing complaints here in the community. There was an opportunity for Goode and Barclay to comment on the matter. It was concluded that progress has been made on the site, violations still exist and these matters need to be addressed. Attached is a copy of a letter sent to Barclay last week identifying items that need to be addressed with a date of completion, Friday June 17, 2005. Staff will be investigating the property on June 17th to verify the status and will be taking an appropriate

course of action at that time. This action might be a citation, however, a different course of action might be chosen as there are some safety issues.

Council Comments:

Beckwith appreciates the cities effort to try to address this situation. One of his main concerns was the process and how the process seems to be breaking down. We were told about changes the city will be making to the process which are appreciated and will hopefully resolve these situations quicker. It is on our website that we are notifying people that things such as if grass height is out of compliance they could be cited. Has anyone been cited this year for high grass?

Johnson answered, as of Friday we had not cited anyone. There is one property on Porter that we are ready to take a course of action, by this Friday, if it is not taken care of. This course of action is not by citation, we mow the property and then lien the property for payment. We have only had to take that action once in his tenure here.

Beckwith mentioned that the City Website states that they would be subject to a misdemeanor of up to a \$300.00 fine. This seems in opposition to what has been said.

Johnson stated that he would look into this but that was the historical course of action taken on this one property. He is unaware of any citations ever being issued in regards to long grass. He knows that it does state, as a general statement involving Municipal Code, of it being addressed as a misdemeanor and handled in that capacity. However, this has been the protocol that we have been following when it comes to the issue of tall grass in residential areas.

Beckwith stated that his understanding is that the new procedure is giving the Planning Department more authority to levee these fines when found. For example, two properties near the Nielson property had tall grass. Knowing in the past we had mowed it and then tried to collect the money in the future, he is wondering if the new procedure isn't a better alternative when you actually notify the property owner and let them know that they either mow it or they will be receiving a fine.

Johnson stated they would definitely look into this. The one issue with the citation process is that it can take some time before it gets before the judge for his consideration and there is still the eminent issue of the tall grass, which is why he believes historically there has been that course of action taken to mow at least that one property. That doesn't mean we couldn't issue a citation in addition to the lien that is established on the property for the cost of the mowing, this is something we can certainly take under consideration.

Hogan asked, to issue a citation, does that need to go before the judge?

Johnson stated, not to issue the citation. The citation would be issued and then be sent to Mike as our processor and the judge would be notified at that time.

Hogan asked if staff has the authority now under the EMC to issue citations.

Johnson stated that is his understanding.

Hogan asked, as far as the letter that was sent to Barkley, it says further action may be taken, including but not limited to immediate action taken to abate the identified issues. Does that mean we would go in and abate them ourselves and then put on a lien for the cost of that?

Johnson, yes, that is per the Municipal Code and allowance. With public safety matters, in this case exposed rebar, we need to protect the public from that as it has been exposed for some time.

Hogan asked, we won't recoup these costs until that property changes hands or until he decides to pay off the lien.

Johnson answered yes.

Hogan asked, does he actually live at this residence.

Johnson stated he believes he does.

b. First Quarter 2005 Investment Report by Gary Smalling, Finance Director

Staff Report:

Finance Director Smalling stated that he wanted to focus on the Pie Chart page. The key things that this page indicates is in the three months from the end of last year until March 31, 2005, the composition of the portfolio has changed. At year end 2004, 57% of city money was invested in the State Pool; the current amount is 33%. State Pool is a short term investment mechanism; you have maximum liquidity and can take your money out the next day. It is, however, not a place you would want to park money for a long time. In the last few months, we have moved from the State Pool into the Federal Home Loan Bank, the Freddie Mac and Certificates of Deposits, which offer better rates. We have in most cases kept the duration down to a few months. The net result of the investment changes has been the earning rates have gone from 1.7% to 2.76%. This has been due mostly to a result of general increases in insurance rates and investments in shorter term instruments.

Council Comments:

None

c. Special Collection Recycling Event Report from Chris Searcy

Staff Report:

Public Works Director Searcy announced the 2004 Special Collection Recycling Event and compost bin distribution on June 4, 2005, at the Enumclaw Library parking lot from 9:00 a.m. to 3:00 p.m. The city's expenses to conduct this program were funded by King County and State Program of Ecology Grants. The turn out this year increased from 409 car loads last year to 512 this year as did the total amount, 78,000 pounds of material last year to almost 114,000 this year.

Council Comments:

Jensen asked if the event was purposely planned for on the same day as King County.

Searcy responded that they have done that for the last two or three years and it has worked out well.

- 3. Monthly Staff Reports
 - a. Fire
 - b. Police

COMMENTS FROM THE AUDIENCE:

None

UNFINISHED BUSINESS:

None

NEW BUSINESS:

Ennis stated that every six months, the CED Committee looks at renewing, extending or lifting the moratorium for planning an annexation. Typically, the moratorium has been extended although they do discuss every six months about possibly lifting the moratorium early so we can create a line for permitting in order to facilitate the process for when we truly lift the moratorium. There have been some legality questions so it has been suggested that we hold a meeting in order to answer these questions and decide if we do in fact want to lift the moratorium early. A list of expectations has been created to help guide this meeting. It was also suggested to share this information with City Council to keep them informed.

S. Krebs stated the council is seeking education for the committee. We are not trying to create policy or create direction, but to understand the process, understand what annexation means, understand what being a moratorium means, so when the time comes make a decision, we are more educated. This is something that is going to happen, however, we want to understand it better to bring back recommendations or at least open up the entire subject for the council at some point.

Beckwith stated that it is going to take significant staff time and resources to go there.

J. Krebs had a concern that this would be better as a council workshop at some point. She would not like for the staff to have to take the time to present it to the committee and then have to do it again to the full council in a workshop format. Has this been addressed?

Ennis stated that a workshop did come up. CED was looking to making a recommendation to council. In order to have that information available to them, they wanted to do it as a committee. If the council wanted to have a workshop in front of the full body, He thinks that would be appropriate too. He was operating under the assumption that this was a committee process that we were doing rather than involving the whole council.

Bauer stated that in reviewing the list, it is going to take significant staff resources to put all of this information together. If there is an expectation of this by your next meeting, he doesn't feel there is enough time. We are meeting with a finance specialist in the first part of July. He has a model where you can develop a cost, financial and staff analysis that will help us. We will not have time to prepare answers to all of your questions by next week. We should however be able to explore and expand on legal ramifications of either a partial or full lifting of the moratorium and bring these answers to your next meeting on June 29, 2005 with a more complete analysis done later.

Ennis stated that if staff needs more time in order to address these issues, he would be agreeable to extending the date. We should probably do this in committee and then bring a date to the council.

J. Krebs stated that she was not suggesting a workshop as an alternative; she was just concerned for staff time more than anything else.

Ennis stated that what they are asking for is to educate the committee on what this process means. The last time we seriously discussed annexation, most of the people sitting here tonight were not here. We want to be educated about the process prior to getting the Sewer Treatment Facility and then trying to figure out how to do the annexation process. We want to sit down within our committee and start talking about what things mean, no policy no decisions, just education.

S. Krebs stated that he, Mayor Wise, Beckwith and others had an opportunity to kick start a meeting regarding honoring our local NASCAR hero Kasey Kahne This is something that Executive Director Cathy Rigg and he will be co-chairing, council willing. The meeting basically went over what the City may do as a follow up of what came out at the council retreat. They would like to model a Kasey Kahne day to that of The Forth of July Days celebration, minus the parade. We've only had one meeting and tentatively scheduled Kasey Kahne to be here for the event on September 5, 2005. This day is coming up very quickly and we need to start moving on several things. We've already started working on figuring out what we can do for entertainment and what the events are going to be. Right now we have had a lot of enthusiasm and we anticipate a lot of community and outside community support. We want to try to hold this event downtown. Our next meeting will not be until July and currently Kathy and I are working back and forth through email to try to get some of these issues worked out. We will be asking Council, if they are interested, for some funds in order to get some seed money for this event. Kasey Kahne mother, Tammy Kahne, is planning on contacting most of his significant sponsors in order to come up with dollars for this event.

Beckwith wanted to echo what S. Krebs was talking about. The whole committee did agree that this was going to be a family type event and will be an alcohol free event. There will also, potentially, be some sort of permanent display, maybe handprints or a tire mark or something. He also wanted to mention the Kasey Kahne fun run and that Hogan will help organize it.

S. Krebs stated that he would like to ask for \$5,000 from the Council from the General Fund to start this event. My hope is that we will not need to tap into all of it as we will hopefully be getting dollars from sponsorship.

Hogan asked what we spend on the Forth of July Event? Is it \$5,000?

Bauer said \$5,000.

Hogan asked who would the \$5,000 be going to, is it to a committee of the city?

Bauer said yes it would be a city sponsored event and the city would handle the budget. An account would be set up to handle this event.

J. Krebs asked what spending sources have been identified.

Bauer stated that as he understands it the \$5,000 would come from the General Fund.

S. KREBS MOVED TO SPONSOR THE KASEY KAHNE DAY CELEBRATION WITH DOLLARS NOT TO EXCEED \$5,000. BECKWITH SECONDED. MOTION CARRIED 7-0.

Jensen stated that a lot of you might have noticed motorcycles in town over the weekend. That was the Iron Eagles which consists of Law Enforcement and Fire Department Officers. This was a new event scheduled by the Fair Grounds. I spoke with a few businesses and they were very busy so it brought money into town.

EXECUTIVE SESSION:

None

ADJOURNMENT:

BECKWITH MOVED TO ADJOURN THE MEETING. HOGAN SECONDED. MOTION CARRIED 7-0.

Meeting adjourned at 9:20 p.m.

Respectfully Submitted,

Marcia Hopkins
City Clerk