

0005 Mayor Barbara Larsen called the regular meeting of the Castle Rock City Council to order at 7:30 p.m., with the following councilmembers present: Khembar Yund, Greg Marcil, Earl Queen, Jack Reilly and Mike Mask.

0053 Councilmember Yund made a motion, seconded by Queen to approve the minutes of the April 28, 2008 Regular Council Meeting. By roll call vote, Councilmember Marcil abstained, the rest voted Aye, motion passed.

0109 Councilmember Yund presented a proclamation declaring May 11-17, 2008 National Police Week in Castle Rock to Police Chief Bob Heuer. The Congress and President have designated May 15th as Peace Officers Memorial Day, and the week in which May 15th falls as National Police Week.

Police Chaplain Steve White, 424 Balcer Street NE, reviewed sacrifices that law enforcement officers have made in the line of duty. During National Police Week citizens are called upon to recognize and understand the duties, responsibilities, hazards and sacrifices of law enforcement officers. Flags will be flown at half mast on Peace Officers Memorial Day to honor law enforcement officers who have made the ultimate sacrifice in service to their community.

0636 Lee Bighaus, 442 Second Avenue SW, requests a utility adjustment. In response to a question from Councilmember Mask, Mr. Bighaus clarified that a leak was discovered approximately eight feet from the meter and was repaired the same day.

0736 Councilmember Yund made a motion, seconded by Reilly to approve a utility adjustment for 442 Second Avenue SW in the amount of \$266.43. By roll call vote, unanimous Aye.

0788 Police Chief Bob Heuer thanked council and the mayor for their ongoing support of the Police Department by providing a budget that allows for training along with the purchase of modern equipment.

0914 Public Works Director David Vorse reports that the property owner at 34 Cherry Street NW requests approval to landscape and remove a pine tree located within the city right-of-way. The Front Avenue NW right-of-way abutting his property has a steep incline with grass, which is difficult to mow. The property owner would like to replace the sod with decorative rock landscaping. Two flowering cherry trees could be included in the landscaping as a replacement for the pine tree. The pine tree is in a location that would make it difficult to landscape without its removal. The proposed cherry trees and red rock would be consistent with existing landscaping already along Front Avenue NW. Vorse stated the existing pine tree is not dead, dying or diseased.

In response to a question from Councilmember Mask, Vorse stated that the property owner is requesting that the city remove the pine tree.

In response to a question from Councilmember Yund, Vorse noted that the landscape contractor indicated that the pine tree creates an obstacle to the proposed landscaping effort. The landscaping would be from the curb to the toe of the slope.

In response to a question from Councilmember Mask, Vorse estimated that the tree removal would cost approximately \$300 for the city to remove.

Councilmembers Yund and Mask indicated that they are opposed to the city paying for the removal of a viable tree.

- 1192 Councilmember Marcil made a motion, seconded by Yund to authorize the removal of the pine tree in the right-of-way at 34 Cherry Street NW at the property owner's expense. In addition, two flowering cherry trees must be planted to replace this tree. By roll call vote, unanimous Aye.
- 1256 Vorse reported that the county contractor will be in the area and will be completing the work on Woodard Avenue either Wednesday or Thursday.
- 1282 Covington requested approval of April expenditures in the amount of \$397,709.85 as described on the Summary of Claims and further described as check numbers 37342 through 37449 for general expenses and check numbers 20049 through 20092 for payroll expenses. Covington added that the total amount includes a final payment of the Department of Ecology loan in the amount of \$99,191.88.
- 1318 Councilmember Yund made a motion, seconded by Marcil to approve payment of April expenses as described above. By roll call vote, unanimous Aye.
- 1327 Councilmembers reviewed the first quarter budgetary report. The fund balance report was distributed at the last council meeting. Covington noted that the following funds continue to use their beginning fund balances due expenses exceeding year to date revenues: General Fund, Street Fund, Arterial Street Fund, Exhibit Hall Fund, Library Fund, Local Criminal Justice Fund, DOT Spoil Site Fund, REET Capital Fund, Water/Sewer Operating Fund, Regional Water Fund, Regional Sewer Fund and Consumer Deposit Fund. It was noted that funds such as Street Fund, Arterial Street, REET Capital Fund, Consumer Deposit Fund and Local Criminal Justice Fund are more project specific and the use of some of the fund balance is anticipated.

Covington stated the budgetary comparison report also outlines the General Fund year to date expenses, by department and a detailed outline of the Municipal Court budget.

A ten-year General Fund revenue comparison showing revenues, by quarter, was reviewed. It was noted that property tax collections exceeded those for the same period last year. However the sales and use taxes, local criminal justice tax and real estate excise tax collections were less than in 2007.

Covington also provided a quarterly comparison for water and sewer services. Utility customers for both city sewer and water services, are charged a base rate and also a charge for each 100 cubic feet of water use. Revenues from the base rate are used to pay the operating and maintenance (O & M) costs for each system and the cubic foot charge was developed to fund expenses for purchase of water and sewer from the Regional Utility System. Initially the utility base rate was established using a customer average of 855. The average was obtained from a three-year history of customer service accounts.

Covington stated that staff continues to monitor the new rate structure. She noted there is a deviation between the estimated average customer base and the actual total number of customers. First quarter actual customer counts for each month are: Water Services; 845 in January and 844 for February and March. Sewer Service; 759 in January, 762 in February and 764 in March.

Covington stated some of the deviation for customer counts are attributed to those who leave the area for the winter months. City ordinance allows for those customers to fall under an 'extended leave' policy during which time the customer is only responsible for payment of stormwater expenses. The lower customer base results in less revenue than was initially estimated to cover O & M monthly expenses. Based the first quarter actual customer totals, revenue for water O & M costs showed a loss of \$280 in January and \$308 for each month of February and March – total loss of \$896. For sewer O & M costs, there was a loss of \$1728 in January, \$1674 in February and \$1638 in March – total loss of \$5040.

Councilmember Mask asked if the old rates would have resulted in the same loss for O & M costs. Covington stated the old rates were not developed toward any specific budgetary cost. Councilmember Yund stated any increases for the old rates were based on the total budgetary requirements.

Covington noted that some communities with a high percentage of transient property owners have created a policy that requires all active customer accounts to be billed monthly to pay for the O & M system requirements. Councilmember Yund stated this is why he supports a base rate for everyone on the system. This spreads out the costs for all customers who benefit from the service and provides funds for the operation of the systems. Customers not using any water would not pay anything more than the base rate.

Covington stated that sewer services are still not being fully funded by sewer revenues and are still being supplanted by water revenues. She stated that if trends for losses continue, councilmembers would need to make a decision to

either reduce appropriated expenses, increase the customer base charge, or decide to absorb the loss within the fund balance. In answer to Councilmember Yund's question, Vorse stated that some areas of the city do not have sewer services available.

In answer to Councilmember Mask's question, Vorse stated requests for extension of the city utility service would require the property to be located within the city Urban Growth Area and Urban Service area. If the property is not within those areas, the developer would need to submit a request to amend the plans.

Councilmember Mask stated that the owner of the new RV Resort, located at Exit 52 has expressed interest in connecting to city services. Vorse stated the developer would need to pay for the line extension. Currently there is only a sewer main within that vicinity, which is owned by Washington State Department Of Transportation (DOT). Vorse stated the developer would need to negotiate with DOT for use of that line.

Vorse added that amendments to the Urban Growth Plan require requests for utility extensions to also include a plan for annexation of the properties to be served.

Staff will continue to monitor the cost versus revenue base for the Water and Sewer Funds and councilmembers will again review alternatives at the end of the second quarter.

2155 Covington reported that she has completed the research requested by Councilmember Reilly pertaining to the purchase of the generator located at City Hall. Copies of the documents have been provided to each councilmember, Mayor Larsen, Dave Vorse and Chief Heuer. Mayor Larsen asked Covington to set up a meeting with the budget committee members, Vorse, Heuer and the city clerk to discuss this issue.

2209 Vorse stated that Councilmember Yund had requested an update on the water pressure issues. Mike Johnson, City Engineer, stated there are several reasons, which include elevation and hydraulic capacity. He stated that the Water Treatment Plant upgrade will provide additional clearwell capacity, which will reduce the hydraulic issues.

Some pressure issue complaints do not seem to correlate with changes at the Water Treatment Plant. For this reason, Johnson stated the city will also be putting on pressure gauges on specific lines for monitoring fluctuations.

Councilmember Yund stated he was requesting an update on pump station issue pertaining to Bond Road.

Vorse stated the last report to the council provided alternatives and cost estimates

for meeting State requirements for service. One alternative was to construct a pump station to pump the water up to those services. This could also allow for expansion of the service area. However the estimated cost was approximately \$500,000.

Johnson stated the best long-term solution would be construction of a pump station and reservoir, with a 12" diameter main connecting into the south end of the system. Unfortunately, currently there are relatively few number of connections impacted (10 – 15 connections) and the estimated cost of approximately \$750,000 would required either a very large cost for each of those connections, or the remainder of the ratepayers would need to share the burden.

Yund stated he was under the impression that the city was researching funds to allow extension of the water main to the Exit 48 area, creating a loop over Bond Road. Johnson outlined various funding resources, however these programs are mostly loan opportunities. CERB is one of the only programs that support growth based expansions.

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Another program through United States Department of Agriculture also provides a funding mechanism, however these are in low-interest loans.

In answer to Councilmember Marcil's question, Vorse stated that Washington State Department of Health does mandate that pressure issues be addressed. The city has choices to address the issue for only those few isolated connections, or to plan for a broader solution.

A pump station would benefit expansion of services to the Exit 48 area, however this is a lower elevation and tying into the Huntington Avenue South utility main would already provide the pressure and fire flows necessary for development. CERB funds would only be available when the city has an industrial or commercial developer ready for developing a site in the Exit 48 area.

In answer to Mayor Larsen's question, Vorse stated that normally existing houses are not required to immediately connect to a new mainline. They would be required to connect if the homeowner's system failed, or if they further developed the land.

In answer to Councilmember Marcil's question, Vorse stated that currently the city does not allow any more connection to the Bond Road system. Johnson stated this issue is not unique to Castle Rock.

Johnson stated the city has included this project on their Six Year Water Plan. He noted that typically Washington State Department of Health does not take enforcement action if the problem is not completed within that six-year

timeframe, providing that no major pressure problem arises.

Johnson stated that the best opportunity to fix the problem would be when there is a development partner. Then CERB funds would be an option to provide an alternative funding source.

In answer to Councilmember Yund's question, Vorse stated that the county has had economic development funds, which typically originate from CERB funding. Most Port or county funding require the development to generate economic development growth. Covington stated in the past, the city has applied for county Rural Development funds for expansion of the water line to Exit 48.

In response to a question from Kris Swanson, resident at 529 Powell Road, Vorse stated that the Washington Administrative Code regulating pressure at meter bases was adopted in the mid 1980's. She asked when the city plans to correct the problem.

Vorse responded that when funding is available, the city can proceed. He stated the city could also decide to no longer provide water services to those dozen properties, but he acknowledged that is also not a good option.

Johnson stated the city took a first step last year when they directed the engineer to cost out options. He did not feel that the existing customers would agree to bear the burden of a \$500,000 upgrade.

Swanson stated that when cities plan for growth, the existing customers usually burden the cost of the improvements. Johnson stated there is a balance between planning for growth and taking a chance that development will occur. In the interim, the existing customers must be able to pay for the project cost.

In answer to Swanson's question, Johnson stated, in his experience, the regulatory agency does not take enforcement action as long as the city is recognizing the issue and planning for mitigating the problem. He stated the 2006 Water System Plan has identified the problem and the city continues to work toward finding funding for the project.

Vorse stated that the city has adopted system development charges which are used for system upgrades. If potential health risks exist, funding agencies such as Public Works Trust Funds and Rural Development will rank the project higher. However both of those programs are still loans.

Mrs. Swanson requested a copy of the city's Water/Sewer Fund budget showing the O & M expenses and revenues. Swanson felt that if improvements are made to the system, the city would see more connections.

Swanson asked if any telemetry equipment was installed on the system to alert

staff of low water levels. Johnson stated this will be addressed through the Water Treatment Plan upgrade, which will be out to bid within the next couple of months.

Responding to Swanson's question, Johnson stated the city will continue to seek funding for the project. For the past year, the city has been focused on pressure problems that have occurred city-wide. He suspects that any funding packages available to the city, will be some form of loan program. The city council will then need to ascertain if they can afford to take on any further debt to the system.

3143 Council Report Of Meetings:

Councilmember Yund advised that he will be attending workshops regarding jail costs.

Mayor Larsen and Councilmembers Reilly, Mask and Queen toured the newly constructed Recreational Vehicle Resort, located on Barnes Drive, near Exit 52.

- 3792 Councilmembers discussed the letter from Jerry Minor, Vice-President, Branch Manager, Tetra Tech Inc., dated May 6, 2008 pertaining site and property surveys outlined in their engineering contract dated April 5, 2001. Mr. Minor stated that site and property surveys were listed as additional services. Since the improvements for the Wastewater Treatment Plant were well within the city-owned boundaries, the engineering firm did not see a need to set corners. As a result, the city was not billed for this service. Mr. Minor recommended if the city still wants the corners set and the survey recorded, they contract directly with local surveyor, Alan Grant. Mr. Minor also stated that he did not feel it was in the best interest for the city to consider relinquishing or selling any city properties adjacent to the treatment plant site.

City Attorney O'Neill stated he has not personally been in contact with Tetra Tech representatives, however in Addendum C of the original contract (dated April 5, 2001) mandates that the corners be set and the survey recorded. He felt they had an obligation to complete this work, however if Tetra Tech never billed the city for these services, technically they still have the right to bill for any further work that the city mandates.

Councilmember Mask felt that the engineering firm should be held responsible for not completing the contract and should fulfill their obligation, at no cost to the city. O'Neill stated the city could mandate that the contract be fulfilled, however the city would be responsible for paying at least \$925, which is the difference between the amount stated in the contract (\$5225) and the amount actually billed to the city (\$4300).

Councilmember Mask stated felt the contractor needed to complete his obligation. If the city contracts with Alan Grant to complete the work, it would cost \$1200.

Councilmembers Yund and Queen does not feel that the city needs to take on this

expense just because a private property owner wants to obtain a portion of the city property adjacent to the Wastewater Treatment Plant.

Councilmember Yund feels that if the adjacent homeowner wants to negotiate with the city for the property, they should pay for setting the corners and filing the survey.

O'Neill stated in the interest of preserving the right-of-way and the rights of the city, he did not recommend the city consider selling any portion of city property adjacent to the Wastewater Treatment Plant. If the plant required any future expansion, the city could be in need of all excess areas.

In response to a question from resident Kim White, Vorse stated that none of the property corners had been marked. It was just recorded on paper. The corners would need to be identified on the site before the survey can be recorded.

Covington suggested that the city enter into a Right-of-Way Use Agreement with the property owners to allow them to retain their shed on city property. Mrs. White stated that they intend to improve the structure into a full-sized shop, with a concrete foundation. For this reason, they are seeking permanent use of the property.

Vorse stated that the original plant design includes construction of another ditch and a third clarifier, which would be sited in that vicinity of city property.

In answer to Councilmember Queen's question, Vorse stated that he made the decision to locate the fence in its current location to accommodate the location of the shed. Vorse stated that both he and the property owners were aware that the shed had been built on city property and he did not want to isolate the property owners from this structure. Mrs. White stated that the letter she received from the city referred to 'a new structure'. She stated their only new structure was a hot tub, which was located in the center of their yard. She stated that the shed already existed when they purchased the property in the mid 1980's.

Vorse stated it appears that the contractor evaluated the area owned by the city and determined that the treatment plant upgrade did not come near to the property perimeter. For this reason, they decided to forgo setting any property corners.

Councilmember Mask felt that two options exist; stop the process and tell Mr. and Mrs. White that the city is not interested in selling the city property, or proceed with getting the property surveyed. Mask stated he is not in favor of relinquishing any of the property.

In answer to Councilmember Mask's question, O'Neill stated the city could incur up to \$4000 in attorney costs if they took the contractor to court.

Councilmember Yund suggested that if the city does have the area surveyed, this cost could be added to the price of the land, if the city chooses to sell a portion to the Whites.

Councilmember Queen suggested the issue be tabled until the city attorney has a chance to discuss this issue with the contractor's legal firm.

Mr. White stated they are requesting to purchase 1,925 square feet of city property.

Mrs. White asked if the council could be polled to ascertain their support for consideration of selling the property. Councilmembers stated that they do not have enough information to make an informed decision.

By consensus, this issue was tabled and turned over to the city attorney for follow-up to the council's concerns.

4902 In response to an assignment from Mayor Larsen, Councilmember Mask stated that he has researched locations for a council retreat. Tentative date for the retreat would be June 14th. Mask provided councilmembers with a proposal from the Red Lion Hotel. The proposal includes the room, continental breakfast, box lunches and beverages for a cost of \$795.85.

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0001 Mayor Larsen stated that past retreats have either been located in a private residence or at a local restaurant. Councilmember Yund noted that this is a public meeting and therefore he feels it should not be held in a private residence. He also suggested that the city should local businesses.

Councilmember Marcil suggested contacting the Rose Tree Restaurant and Covington stated that the school also has made rooms available to the city. Councilmember Queen asked if a couple of options could be presented for council consideration. Councilmember Mask will do more research.

0406 Councilmember Yund made a motion, seconded by Reilly to approve Resolution No. 2008-04, a resolution authorizing application for funding assistance for an Aquatic Lands Enhancement Account (ALEA) Program project to the Recreation and Conservation Office (RCO) as provided in RCW 79.90.245 and subsequent Legislative action, on second reading. By roll call vote, unanimous 'Aye'.

0455 Councilmember Reilly made a motion, seconded by Yund to approve Ordinance No. 2008-03, an ordinance amending the Castle Rock Municipal Code, Title 15 Building and Construction to include adoption of the 1997 Uniform Code for Abatement of Dangerous Buildings, on second reading. By roll call vote,

unanimous Aye.

- 0630 Councilmembers reviewed the application submitted by the Castle Rock Lion's Club requesting council approval to sell fireworks from a stand located on school property for June 28, 2008 (noon) to July 4, 2008 and also from December 29, 2008 through December 31, 2008. A letter of approval to use the school property was included with the application request.

In answer to Councilmember Marcil's question, Chief Heuer stated there was a State Statute prohibiting such activity. Covington stated that last year Fire Chief Eric Koreis approved the same location for the Lion's Club fireworks stand.

- 0829 Councilmember Mask made a motion, seconded by Reilly to approve the application for the sale of fireworks submitted by the Lion's Club, for both July and December sales, pending approval by the city fire marshal.

Chief Heuer stated he would research the statute to see if State law allows for this use. Councilmember Yund noted that the school cannot supersede State law.

Vote on the above motion: Councilmembers Yund and Queen voted Nay; Councilmembers Marcil, Reilly and Mask voted Aye. Motion passed.

- 1213 Councilmember Reilly made a motion, seconded by Marcil to approve the leak adjustment request submitted by Laura Nunamaker, 362 Kirby Avenue NE for an adjustment to her utility bill in the amount of \$325.05. By roll call vote, unanimous Aye.

- 1255 Mayor Larsen announced that due to the holidays, the next city council meeting will be changed to Tuesday, May 27th, in accordance with city ordinance.

- 1351 Mayor Larsen read a letter from the clerk-treasurer commending, Joanne Purvis and Tori Teegarden for their recent actions pertaining to a citizen requiring emergency medical assistance. The letter described a recent situation where a person with a serious hand injury came into the finance office seeking assistance. Mayor Larsen stated the city planner, T.J. Keiran and Covington also were present to help.

- 1555 Mayor Larsen adjourned the meeting at 9:15 p.m.

Mayor Barbara Larsen

Clerk-Treasurer