



## NORTH BONNEVILLE CITY COUNCIL

*Mayor Don Stevens  
Bianchi*

*Councilmember Bob*

### Finance Committee Meeting Minutes Tuesday May 24, 2016

**Roll Call** 6:35 P.M. All present

#### **Unfinished Business**

**Staff is inquiring whether or not the membership is receptive to selling a marketable property if the City receives a reasonable offer for its purchase in keeping with provisions of RCW 35A.11.010 that govern that real estate action?**

Steve noted that the Council had previously received a packet of information that includes information about City property that has the potential to be sold, a list of city properties that had sold previously and what they sold for, along with a cover letter that gives guidance to the selling of City property. This information was provided because the City staff has recently received inquiries from individuals about the City's reception to selling City property, and in particular, the M-19 parcel located on the east side of the Beacon Rock Golf Course.

Steve said staff wanted to know Council's reception to selling public lands prior to entertaining these inquiries. Council discussed this matter at length and suggested an interest in selling or leasing City property. The Council indicated they did not wish to sell to a party that would not place the property on the tax roll. They also indicated a desire to take the revenues received and apply them towards some large investment, rather than place them in the general fund to pay for daily expenses.

Mayor Stevens noted that if the Council were receptive to selling public lands that a pending sale would come back to Council for its approval. A discussion followed about the ability to restrict property usage as part of its sale. Steve noted that all City property is zoned and its zoning defines what land uses are permitted, conditionally permitted and/or prohibited there. Steve noted that prior to the selling of City property the staff would have the property appraised to assure it is not sold for less than market value. He noted if the City were to sell land at less than market value - that action would be construed as a gifting action, which is prohibited by the Washington State Constitution.

#### **Update: sewer, water, fire and transportation projects**

Steve quickly provided an overview of these projects. He noted the lift station 3 wet well has been placed in the ground and now the contractor is installing the electronic components. He said when they are done assembling the new lift station they will dismantle the old one and place its newer components into lift station 2 to extend its life until it can be replaced. He also noted that the City was in the early stages of replacing 200 feet of a major water line that is losing its viability. Steve said tomorrow they would be attempting to shut a 14" water valve that is frozen open as the first step in the waterline replacement process. Steve said that the City had received a letter from the Washington Surveying and Rating Bureau that the City would retain its "5" insurance rating and much thanks is owed to all those who participated in efforts to maintain that rating. Finally he noted the Evergreen Drive transportation rehabilitation project was nearing the point where we would go out to bid for a contractor to provide for this improvement.

#### **New Business**

The Future of the Public Development Authority [PDA] - this item was continued to the Council meeting to involve the general public in the discussion.

**Adjournment 6:50PM**



## NORTH BONNEVILLE CITY COUNCIL

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### City Council Meeting Minutes Tuesday May 24th, 2016

#### Meeting Called to Order 7:00 P.M.

**Roll Call:** All present

**Audience:** 9

#### Pledge of Allegiance

**Agenda Changes & Additions** The topic item: [the] Future of the Public Development Authority [PDA] - has been placed at the beginning of this Council meeting to involve the general public in the discussion.

**Mayor Stevens** deferred this PDA inquiry to Council Norris who had requested its placement on the Council agenda.

**Councilor Norris** said he was bringing this item up for discussion because it was his belief the City was responsible for the North Bonneville Public Development Authority's [PDA] charter and bylaws. He said the previous City Council had approved construction of this authority and he had supported that effort.

Councilor Norris said he was interested in this authority making money; however, he has concerns because he does not believe the PDA representatives are living up to their public commitments.

For example: they are not properly bonded in keeping with the Charter covenants nor are they following through with obligations to provide revenue [donations] to local public agencies for health and safety purposes. He expressed concern the PDA had not provided a financial accounting of their operation to the City Council as required by their charter. He also noted the PDA gets the advantage of tax deferment [does not have to pay federal taxes] because of its City affiliation. Councilor Norris said he was looking for the Council's thoughts on dissolving ties with the PDA so the City is not liable for their actions.

**Mike Baker** who is a newly appointed PDA member responded to some of these concerns. Mike said the PDA was not able to secure a bond because of the nature of the business but none-the-less they are fully insured to cover most liabilities. He added: the PDA has insurance coverage equivalent to everything a bond would cover to protect their business and the City. Mike noted that the PDA was set up as a separate entity so the City would not be responsible for its actions. Essentially, the way the PDA is structured the liability it incurs, stays with the organization and does not become the City's responsibility.

**Mayor Stevens** affirmed Mike's assessment, stating the PDA's liabilities do not come back to the City, provided the City does not interfere in its business. He noted the laws that establish this authority are structured so the PDA's bonding issues do not become City liabilities. The Mayor noted that Council Norris was correct in his assessment - the PDA had yet to finance public activities and this has resulted, in part, from initial financial estimates that were overly optimistic. The Mayor noted that City does benefit financially from taxes the PDA generates.

**Mike Baker** said that there is revenue generated by the operation but these revenues have been directed to repaying the investors that sponsored its creation. He said now that he is on the board - he would like to redirect some of that revenue to local public agencies for health and safety purposes. Mike noted there are a number of things coming up that should improve the PDA's financial picture, for instance: they will be licensed to sell medical marijuana beginning in July.

**Mike Hamilton** said the PDA did not have to pay federal taxes because of its affiliation with the City and also noting the PDA was not a municipality and thus, not independently eligible to forgo federal tax payment.

**Attorney Ken Woodrich** noted that the PDA was a municipal cooperation and that type of organization does not have to pay federal taxes.

**Steve Hasson** addressed one of Councilor Norris' concerns about financial accounting noting that the PDA charter, which was hurriedly constructed because of licensing deadlines, included a provision requiring a financial reporting at the end of January. He said this was an unrealistic timeframe to provide for the previous year financial reporting as not all of the former year's expenditures are known by the end of January. Thus, he was working with the PDA leadership to amend the Charter to provide an accounting at the end of May, which is the timeframe established by the Washington State Auditor's office for previous years' financial accounting. Steve also noted that the accounting Councilor Norris sought was included in this week's council packet.

**Mayor Stevens** noted that likewise there was a provision added to the charter requiring a certain type of bonding but when that requirement was added [to the charter] no one could have foreseen that insurance agencies would resist bonding these types of business enterprises. Thus, the PDA had to come up with a different type of coverage but these market place restrictions should not be held against them.

**Councilor Sabo** stated that both Steve and he had requested revenue information from PDA member Dan Smith and he has been not been responsive. He asked Ken - what is our responsibility for PDA oversight?

**Attorney Ken Woodrich** said that once a PDA was created to address a specific purpose it becomes its own entity. Ken said the Council does have some limited oversight capability by virtue of the fact they created this entity and can divest its authority. He noted, however, the City does not have the capacity to micromanage it or require certain deliverables and they don't want to head down that path because that action would create liability for the City. He said the Council needs to keep the entities separate so the PDA's potential liabilities do not become the City's liabilities. Ken said the City's PDA oversight is very broad rather than detailed and pretty much limited to its formation or dissolution. He noted that at the onset of the PDA's creation, the City established its goals and certainly the Council has the prerogative to monitor those goals to assure they are being achieved and also to evaluate abuses. Ken said the City needs to determine if it is satisfied with the PDA's progress and if not - then it needs to decide whether it wishes to continue the operation. He noted to eliminate the PDA would require a majority of the board plus one to divest it and subject to possible Mayoral veto. He said if they chose to eliminate the PDA they should be careful how that is accomplished so that creditor issues can be addressed. He observed the Council would want to provide a winding down period so that the creditors can be protected and provide time to secure a buyer. Ken said the Council does not wish to hurt anyone by the City's actions. He noted if the PDA's assets were transferred to a private concern it would have to pay federal taxes.

**Councilor Whitcomb** asked Mike Baker how often does the PDA meet? She said they should be meeting monthly if for no other purpose to pay the bills. Mike advised that they now meet quarterly.

### **Consent Agenda**

**Approval of April 26 Minutes and May 24<sup>th</sup> Invoices [Note: the May 10th Council meeting was cancelled so there are no minutes]**

**Councilor Bianchi** inquired about invoice 23757, asking why we needed to pay the Washington State Department of Ecology [DOE] for protecting a building they own in the City. Steve said this is a mistake as DOE compensates us instead of us compensating them - so this invoice needs to be removed.

Councilor Forster made a motion to approve the minutes and the invoices. He also made a motion to

amend the original motion to remove invoice 23757. Both motions were seconded by Councilor Bianchi.  
Yes Councilors Sabo, Norris, Whitcomb, Bianchi and Forster  
No  
Abstain  
Passed 5-0-0

Approval of motions as amended

Yes Councilors Sabo, Norris, Whitcomb, Bianchi and Forster  
No  
Abstain  
Passed 5-0-0

**Guest Presentations:** No presentation

**Public Comment:**

**Cheryl Jermann** inquired whether the letter that Shirley Irwin had written - thanking the fire department for a quick medical response had been shared with the Council [the answer was yes]. She also called attention to the issues she and her neighbors are having on East Cascade Road and primarily from all the hikers that park there.

**Councilor Comment:**

**Councilor Bianchi** called attention to the fact the Discovery Trails Committee was improving the signage, cleaning up the Bigfoot statutes at the City's principal entryway and planning to install some new plantings. He said that he was intending to follow up with the fire department bylaws.

**Councilor Forster** said that 1201 and 1207 Island Way were a mess and requested staff contact them about cleaning up their property.

**Councilor Norris** noted that the North Bonneville fire auxiliary was now meeting at the fire station on Monday nights and everyone was encouraged to come and participate.

**Councilor Sabo** took the opportunity to complement the volunteer fire department for their efforts as well as those who participated in actions necessary to retain our "5" insurance rating.

**Administrator's Report:**

Steve noted that the City is attempting to assist the homeowners on East Cascade with parking, littering and trespass issues but needs to know what portion of the roadway is public and what is private. Accordingly, the City contacted a title company that is researching that information for the City. Once we can define public lands from private, we will work with law enforcement to install appropriate signage intended to control events.

**City Attorney's Report** No report

**Unfinished Business**

**Considering a new contract with Stevens IT Service formerly known as Columbia Gorge Information Systems that would expire December 31, 2017, unless this agreement was otherwise terminated or extended.**

Councilor Forster made a motion to approve the personal services contract and seconded by Councilor Bianchi. Discussion followed on whether the contract should be approved or instead put out to bid to assure competitiveness. Attorney Woodrich clarified that a personal services agreement was not subject to a bidding process but could make use of a request for proposal [RFP]; Council members agreed it should be subject to the RFP process.

Yes Councilors Sabo, Norris, Forster, Bianchi and Whitcomb  
No  
Abstain  
Approved 5-0-0

**New Business**

**Resolution 489 Purchase of a used backhoe relying on special market conditions RCW 39.04.280(2) for its acquisition.**

Councilor Forster made a motion to pass resolution 489 for purposes of purchasing a 1996 Case Backhoe for the sum \$17,000 to include the transfer of the City’s old backhoe to the Paul Lambson as a trade-in and seconded by Councilor Whitcomb.

- Yes Councilors Sabo, Norris, Forster, Bianchi and Whitcomb
- No
- Abstain
- Approved 5-0-0

**Agreement with Dutch Rijn for use of his 2 acre parcel of land located at 114 Hamilton Creek Road for purposes of staging construction equipment this summer.**

Councilor Forster made a motion to enter into an agreement with Dutch Rijn for temporary use of his property for construction staging purposes for a sum of \$1,500 and seconded by Councilor Bianchi.

- Yes Councilors Sabo, Norris, Forster, Bianchi and Whitcomb
- No
- Abstain
- Approved 5-0-0

**Request for one time reduction in water/sewer bill due to leakage – Terry Bainter**

Councilor Forster made a motion to reduce the utility billing by a sum of \$72.80 and seconded by Councilor Sabo.

- Yes Councilors Sabo, Norris, Forster, Bianchi and Whitcomb
- No
- Abstain
- Approved 5-0-0

**Closing Public Comments**

**Closing Council Comments**

**Councilor Sabo** wished to thank the Lambson’s for making their backhoe available for public purchase.

**Councilor Forster** wished to thank those who worked on the fire rating and also those who helped clean up the fire station.

**Councilor Bianchi** in response to a question about the fire department raising money as a nonprofit, said they need to apply to the state for a nonprofit status.

**Adjournment**

Councilor Sabo made a motion to adjourn the meeting and seconded by Councilor Forster.

- Yes Councilors Sabo, Norris, Forster, Bianchi and Whitcomb
- No
- Abstain
- Approved 5-0-0

Meeting was adjourned approximately 8:08PM

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**Mayor**

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**City Administrator**