

## REGULAR COUNCIL MEETING

January 7, 2015

**Officials in Attendance:** Mayor Dorothy Knauss; Councilmen John May, Payton Norvell and John Wight; Councilwomen Sharon Ludwig, Carra Nupp, Roberta McMillin and Krisan LeHew.

**Staff Present:** City Administrator Mike Frizzell, City Attorney Charlie Schuerman, Clerk/Treasurer Pamela McCart

The Mayor called the meeting to order at 6:30 PM.

**Audience Comments:** None.

### **Announcements/Appointments, including:**

- Mayor's Youth Award to Justyce Acosta.
- Mayor stated she was invited to participate in Spokane Mayor David Condon's press conference on January 12<sup>th</sup> along with other area mayors in order to make the public aware of the effects on cities when the State keeps taking their money – specifically the reduction in revenues from liquor excise taxes/profits.

### **Presentations:**

- Mayor Knauss summarized the goals for 2014:
  - Provide consistent high level public service in all departments
  - Remove barriers to performance
  - Minimize/eliminate risk to City
  - Ensure all actions taken were equitable and based on written authority of the Council
  - Set vision for community

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In line with those goals, the following actions were taken:

- Performed employee evaluations
- Distributed community survey
- Established Code Committee
- Began process toward zero based budgeting to balance income with expenditures
- Finance Committee developed financial strategies/policies
- Developed cost allocation plan
- Requested attorney general opinion on transfer of surplus funds from utilities (still pending)
- Resolved some issues with CGCC with regard to its Crest I and II developments
- Established visioning committee
- Major construction projects: HWY 395 sidewalks, Lincoln Ave. sidewalks, W. King overlay, Airport paving, East Main Road reconstruction,
- Trained backup personnel for payroll
- Established Mayor's Youth Award
- Mayor represented City on NE WA Mayor Association, TEDD, Rural Resources and New Start
- Developed legislative agenda
- Established relationship with Spokane Indian Tribal Council
- Proposed change in City classification
- Working toward consolidation of facilities/property
- Grants procured for West Lincoln sidewalks/Reconstruction on Ehorn Lane

### **Consent Agenda:**

Motion by Councilwoman Ludwig approving Consent Agenda consisting of:

>December 3rd Regular Minutes

>December Payroll and Claim Vouchers  
Seconded by Councilwoman McMillin. Roll call vote taken with all votes in favor.  
Motion carried.

**Committee/Commission Reports:**

- Councilman Norvell stated that at the last meeting of the firefighters, interest was expressed with regard to converting the skateboard park into an ice skating park. The C/A replied that it was designed to do exactly that and that there were no liability issues – if the fire department is willing to do the work he didn't see an issue – the existing equipment would have to be placed on blocks. No opposition expressed by Council.

**City Administrator Report:**

- Last month the City Attorney and I were tasked with drafting a counter offer to PACA for the Armory Building. Dorothy asked Dave Sitler to perform an official appraisal of that property so as to eliminate any guesswork with regard to its value, and in turn, protect the City in getting fair market value. That appraisal came in at \$140,000 which is good because the previous unofficial appraisal was for \$140,500 -- so we know we're in the ball park and are very comfortable with that number. I want to remind Council that there are a lot of pieces to this and a lot of things would have to happen. Primarily, the replacement of that facility would require the sale of both the Main Street building and the Armory building. As far as the Main Street building, we're not going to know anything for a month at this point. After this morning there's sufficient information to know that we don't have the funds to build the new structure – I'm not comfortable at this point in submitting a counter proposal to PACA without looking into it in further depth -- and so I think the mayor would like to take action on that. The Mayor appointed a facilities committee comprised of Councilman Wight as Chair, and Councilmen Payton and May. She asked that they look at all city holdings (buildings, land) and make a long range plan. The C/A requested that they meet twice before the next Council meeting. Councilwoman McMillin asked if the property was being considered for sale primarily for the PACA group or primarily because the City wished to sell it as surplus? -- shouldn't it be put out to bid in order to get more money? The Mayor replied that with the commercial appraisal, the City would be hard-pressed to get more. Councilwoman McMillin asked if it was fair to not offer it for sale to the public and not just to PACA? The C/A replied that it would be a consideration that the newly formed facilities committee would look at.
- Motion by Councilwoman Ludwig to approve sole bid received for hydrostatic tractor from Hartill's Mountain Saw & Tractor for \$27,046.34, seconded by Councilman May. Roll call vote taken with all votes in favor. Motion carried.
- The City has a long term contract with DNR to lease the ground that the airport is on -- we have 21 years left on that lease. We pay \$700/year for that lease and then we sublease out airport hangar spaces – there's ten different lots. We've dealt with a lot of issues with Richmond Lane, taxiing, etc. and we knew that in order to provide a future for the airport, we were going to have to find a way to own it rather than lease it from DNR. We've spent well over a year gathering information. There was a lot of guessing at first because the only numbers I had to work with were from reports from 6 or 7 years ago indicating that DNR wanted \$30,000/\$35,000 for the entire thing. So my initial thoughts were for the City to purchase the property and then turn around and sell those 10 individual hangar lots as well as the chunk of ground to the Mai's who have a home on there – then the City would use the money from those sales to pay off the purchase from DNR so that it wouldn't cost the City anything. We stuck to that frame of thought until about two months ago when we were informed by WSDOT Aviation that if we were to follow that course, they would probably ask us to return all grant funds received over the past 20 years -- because every time we fill out a grant

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application, we also sign a grant assurance which is basically their protection that the money they spend on airports will continue to be used for airport purposes for the next 20 years. There isn't any way around that. We've been in contact with someone from DNR to figure out how much the land will cost and how we should go about purchasing it. There have been a lot of hoops to jump through and it boils down to them not telling us how much they want for the property -- the only way we can find that out is through an official appraisal which could cost up to \$25,000. In order to even determine if we can afford the property, we have to put up to \$25,000 into an appraisal. Obviously I'm not going to ask Council to gamble on a \$25,000 appraisal only to find out that it could be appraised anywhere from \$250,000 up to 3 million -- we've heard numbers within that range. So I asked WSDOT Aviation if they have a small pot of money to help us out with the appraisal. If they can give us a grant for the appraisal and, if the value is within the proper range, WSDOT could possibly give us a grant to purchase the airport, but no more than \$250,000 -- that's the cap on their grants. There's so much involved -- we would need to get a lease extension because grant applications will be coming out in the next 2 or 3 months and I'm not comfortable filling out another grant application because a 20 year assurance goes along with that. With this lease ending in 21 years, I can't guarantee that we can do that. Then after that request, DNR told us that we could no longer opt for a lease extension. Not only could it cost \$25,000 for the appraisal -- there are a lot of other items that could add up to an additional \$25,000 just to get the sale done. We've run into a lot of road blocks. At the very least, if everything worked out and we received a grant for the appraisal and a grant for the purchase, the City would match 5% of the purchase grant (\$12,500) -- so that is the smallest investment we're looking at and that's purchasing it with grants. The only other option is that we choose not to take that investment and tell DNR that in 21 years they will own an airport -- but the City would still have the responsibility to maintain the airport due to those grant assurances -- crack sealing every 3 or 4 years and maintaining it like we have been -- and all that would be without grants because of the grant assurances. The Mayor and I would like to have your blessing to go higher up the chain at DNR -- rattle some cages and see if we can get some better answers because we think we might be dealing with a single person who is simply checking off a list. We don't think that DNR wants to own an airport in twenty years. The Mayor added that she had met another lady who works out of the governor's office who helps people deal with agencies. I think the person we've been dealing with at DNR is fairly new so I would like to go over his head and just say isn't there an easier way -- it's 86 acres -- big deal -- you don't want it, we do -- why make us jump through hoops. Councilman May asked what the advantage was to owning an airport. The C/A responded "providing a future for the airport" -- right now we're guaranteed twenty one years left on the lease -- without owning the airport, the City can no longer procure grants to support it because the agency won't give us any more money without signing a grant assurance and if we don't know after next year that we're going to have a lease or the ability to maintain the property, we can't in good faith sign that grant assurance. The Mayor added that the City can't do anything to develop it without owning it because at the end of the 21 years they could demand that any improvements be removed. The ski hill manager and the golf course have both informed me that the airport is important to both of them. If they develop something at the old plant in Addy, it could be an important part of economic development in the future is what I see. Council did not express any opposition to the Mayor & C/A proceeding in the matter.

- The C/A outlined the changes in the contract with regard to response time, vision insurance benefit and wages. The wage increase would need to be reflected in a budget amendment. Motion by Councilman May to approve Collective Bargaining Agreement with IBEW #77 Effective 1/1/15 thru 12/31/17, seconded by Councilwoman LeHew. Roll call vote taken with all votes in favor. Motion carried.

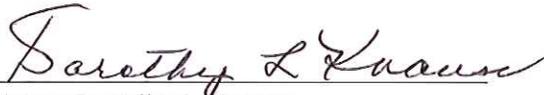
*LeHew*  
*Agm*

**Old Business:** None.

**New Business:**

- Motion by Councilwoman LeHew to re-elect Councilwoman Ludwig as Mayor Pro Tem, seconded by Councilman Norvell. Roll call vote taken with abstention by Councilwoman Ludwig, remaining votes in favor. Motion carried.
- The Clerk read Resolution 15-01. Motion by Councilman Norvell to adopt Resolution 15-01 Declaring Intention of the City Council to Adopt for the City the Classification of Noncharter Code City, seconded by Councilman May. Roll call vote taken with all votes in favor. Motion carried.

The Mayor adjourned the meeting at 7:17 PM.

  
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Mayor Dorothy L. Knauss

  
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Clerk/Treasurer Pamela McCart