

City Council
November 9, 2010

Mayor Johnson called the regularly scheduled meeting to order at 7:02 P.M.

Upon roll call the following members were present: Boyle Barrett, Harple, McNally, Montgomery, Patson, Reed and Twardoski. Also in attendance were City Administrator David Schmidt and City Attorney Phil Olbrechts.

Mayor Johnson stated she would like to amend the agenda to allow the Fire Station Bonds to be at the beginning of the meeting.

Ordinance No. 18-10: Fire Station Bonds and Agreement: Fires Station Bond Purchase

Alan Dashen, from Dashen and Associates. Our bond counselor and financial advisor for the preparation and sale of bonds gave a brief presentation of how the sale of bonds works. They are here today as a result of the election that was held in April authorizing a \$5 Million dollar sale for a new Fire Station. We got to the point of selling bonds today. What happens in a bond sale like this is Seattle-Northwest Securities go out and sell the bonds to the public, mom and pop retail and institutions primarily commercial banks. It is also contingent upon approval by the City Council. One thing they do as financial advisor is get involved in the pricing. They are recommending approval.

Annette Sommer from Seattle-Northwest Securities Corporation. They were the bond underwriters for the bond sale this morning. She gave the Council and audience an overview of how the bonds were sold and who purchased them. Primarily they went out this morning selling tax exempt municipal bonds. They are on a 30 year amortization schedule with investors being able to buy bonds. The other piece that was critical in terms of generating strong investor interest was the unlimited tax general obligation pledge meaning these bonds are going to be repaid with a new tax source from the property owners. She then went over the issuance costs. Administrator Schmidt asked Ms. Sommer to explain to the Council why the decision was made to go with tax exempt versus the Build America Bond Program. Ms. Sommer stated there was a program put in place through the Federal Government to help lower the borrowing costs for municipal borrowers. Instead of issuing tax exempt debt you would be issuing taxable bonds that generally have a higher interest rate, but you would be receiving a Federal interest rate subsidy to offset those payments and in theory that should be lower than the tax exempt borrowing costs. A couple months ago when we were initially higher and we were evaluating this, the savings were fairly substantial and at that time looked like it made sense for the City to move forward with that. Over the last couple months a couple things happened: (1) the program as we know it is set to expire at the end of 2010 so all the issuers are trying to get those bond sales done by the end of the year so the supply related to the Build America Bond Program has dramatically increased and to some degree investors have said it is not as desirable; and (2) the taxable treasury interest rates have

increased quite substantially in the last two months which has really changed the cost effectiveness of the program. After evaluating all of this, it was decided that it wasn't as persuasive of an argument compared to the risks related to that program.

Nancy Nerass, Bond Council Attorney. In this role, the investors for a number of years basically required that an outside expert lawyer prepare the legal documents and give an opinion. So, we end up giving an opinion to both the City as well as all the investors that is actually printed on the bond. The ordinance approves all the terms of the bonds. It promises the City will levy the tax sufficient to pay the bonds every year; they can be paid off in ten years with no penalty; and it approves all the necessary documents. Council member Montgomery clarified that if we approve the Ordinance does this also take care of the agreement for the Fire Station Bond Purchase? Ms. Nerass stated yes it does.

Council member Reed moved to approve Ordinance No. 18-10 authorizing the issuance and sale of Fire Station Bonds. Council member Twardoski seconded the motion. The motion then carried.

Finance and Public Safety:

Council member Reed stated they have not had a meeting since the last Council meeting. Their next meeting will be November 15, 2010 at 6:30 PM at City Hall.

Streets and Utilities:

Council member Montgomery stated they had a meeting last week talking mainly about the budget. They had a brief discussion on the water reservoir overflow which will be discussed in Executive Session tonight. Their next meeting will be in January.

Community Services and Recreation:

Council member Patson stated they have not had a meeting since the last Council meeting. Their next meeting will be on December 8, 2010 at 9:30 AM at City Hall. She reminded everyone of the Youth Center Dinner and Auction on Saturday November 20, 2010, at 5:00 PM, at the Buckley Eagles.

Community and Economic Development:

Council member McNally stated they had a meeting on November 1, 2010. Their next meeting will be December 9, 2010 at 9:30 AM.

Mayor's Report:

Mayor Johnson stated that Bob Olson will be giving a brief overview of the Veteran's Memorial dedication. She and Chief Predmore went to Seattle today to watch the sale of the bonds which was very interesting.

CITIZEN PARTICIPATION

Bob Olson, Arts Commissioner, would like to thank everyone for the monument, and for the plaque that was presented to him at the dedication. He would like to thank Chief Predmore for being the emcee.

MAIN AGENDA

Mayor Johnson recessed the regular meeting at 7:30 PM to hold two Public Hearings.

Public Hearing – 2011 Property Tax & EMS Levy

Mayor Johnson opened the Public Hearing on the 2011 Property Tax & EMS Levy at 7:31 PM.

Administrator Schmidt gave an overview of the property tax and EMS levy rates. The highest levy rate for the 2011 maximum 101% limit is \$750,749.82; new construction totaled \$1,879,200 generating an additional \$3,269.94 in tax; regular property tax limit therefore is \$754,019.75. For the EMS Levy, the highest levy rate for 2011 is \$190,797.59 which is the voter approved levy rate of \$0.50/1,000 based on the recent general election.

Mayor Johnson closed the Public Hearing at 7:32 PM.

Public Hearing – 2011 Proposed Budget

Mayor Johnson opened the Public Hearing on the 2011 Proposed Budget at 7:32 PM.

Administrator Schmidt gave an overview of the 2011 Proposed Budget. The 2011 budget is a combination of all 23 funds within the City. 2011 proposes to expend \$23,509,695, with revenues of \$27,229,576, with a projected ending fund balance at the end of 2011 of \$3,719,881.

Marvin Sundstrom, 881 Sheets Road. Mr. Sundstrom expressed his opinions, comments and concerns regarding the City's 2011 budget, and gave his recommendations for improvements.

Mayor Johnson closed the Public Hearing at 7:46 PM.

Mayor Johnson reconvened the regularly scheduled meeting at 7:46 PM.

Ordinance No. 19-10: 2011 Property Tax Levy Certifications

Council member Reed moved to adopt Ordinance No. 19-10, adopting the 2011 Property Tax Levy. Council member Boyle Barrett seconded the motion and the motion carried.

Ordinance No. 20-10: EMS Levy Certification

Council member Reed moved to adopt Ordinance No. 20-10 setting the 2011 EMS Tax Levy. Council member Patson seconded the motion. Council member Harple asked about where it states that the rate is levied at \$.075 per \$1,000. Shouldn't that be \$.050 per \$1,000? Administrator Schmidt stated it should be \$.050 and he has the corrected Ordinance. **The motion then carried.**

Final Acceptance Sewer Conveyance Line Project

Council member Montgomery moved to approve final acceptance of the sewer conveyance line project. Council member Twardoski seconded the motion. Council member Boyle Barrett asked regarding the change order form on the back, are we paying for the repaving of McNeely and the work on Collins or are they paying for that. Administrator Schmidt stated the Council actually approved that change order several weeks ago to do that portion, everything except Collins Road. One thing that was talked about in committee was the recommendation right now to not do anything on Collins Road because we don't know when the settling is going to stop. We will make sure over the winter that there are no safety issues and then in the spring we will take a look at it. Discussion ensued. **The motion then carried.**

Engineering Scope: Supplement #5 – Realignment Project

Council member Montgomery moved to approve the Engineering Scope Supplement #5 for Design of the Realignment Project. Council member Boyle Barrett seconded the motion. Administrator Schmidt stated he believes everyone on the Council is aware of the property owner issues we have faced with this project, which is what these fees are related to. Number one is negotiating with Tacoma Water to get an agreement to make that acquisition, and the other task is to do the advertising and search for the owners of the other section of property. Discussion ensued. Attorney Olbrechts stated this process is mainly being done for the purpose of WSDOT and the funding that is involved. **The motion then carried.**

MOU – Tacoma-Pierce County Health Department

Council member Montgomery moved to approve Memorandum of Understanding between the Tacoma-Pierce County Health Department and the Buckley Police Department for the collection and disposal of outdated and unwanted pharmaceuticals. Council member Boyle Barrett seconded the motion. Mayor Johnson stated this is for medicines that are just sitting around your house. The primary drugs that kids are using at schools are prescription drugs they take from their parent's medicine chest. The Health Department will be putting this in the lobby of our police station, a drop box to deposit medications. This gives people a safe place to dispose of

unwanted drugs because we don't want them dumped in the toilet or thrown in the garbage. The cost is being taken care of solely by the Health Department. **The motion then carried.**

Amendment to Agreement – Pierce County Enhanced 911 and PSAP Participation
Council member Reed moved to approve the Amendment to the Agreement for Pierce County Enhanced 9-1-1 and PSAP Participation to grant reimbursement funding to the PSAP from the County for specific items listed. Council member Boyle Barrett seconded the motion and the motion carried.

Jail Service Contract – Town of Ruston

Council member Montgomery moved to approve Jail Service Contract between the City of Buckley and the Town of Ruston. Council member Boyle Barrett seconded the motion and the motion carried. Council member Boyle Barrett asked if there are a set number of beds you are guaranteeing. Chief Arsanto stated this is first come first served at \$57 per day. **The motion then carried.**

Council member Reed moved to approve the Consent Agenda. Council member Twardoski seconded the motion and the motion carried.

Approve the minutes of the October 26, 2010 and November 2, 2010 City Council meetings.

Claim check numbers 45959 through 46063, in the amount of \$495,656.91 for the period of October 27, 2010 through November 9, 2010; Payroll check numbers 31033 through 31084, in the amount of \$295,871.58 for the month of October, 2010; and Treasurer check numbers 10942 through 10957, in the amount of \$27,713.53, plus the ACH for Department of Revenue in the amount of \$13,783.75, for the month of October 2010 are hereby approved and ordered paid this 9th day of November 2010.

The Council convened into Executive Session at 8:25 PM to discuss Potential Litigation (Water Reservoir Overflow) and Property Acquisition (PSE White River Property) for approximately 25 minutes with possible action.

The Council reconvened into the regular meeting at 8:56 PM.

Potential Litigation (Water Reservoir Overflow)

Council member Montgomery moved to direct staff to leave the overflow into Spiketon Ditch and disregard the previous order to direct flow to Levesque. Council member Twardoski seconded the motion and the motion carried with Council member McNally recusing himself.

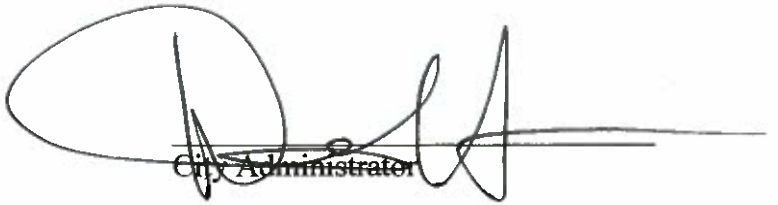
Property Acquisition (PSE White River Property)

Council member Reed moved to approve the agreements and promissory note between the City and PSE for the purchase of the White River Property contingent upon the Mayor and Staff being able to resolve issues brought up in Executive Session. Council member Twardoski seconded the motion and the motion carried.

With nothing further the meeting was adjourned at 8:59 PM.



Mayor



City Administrator