

#### CALL TO ORDER

Mayor Pro-Tempore Earl Queen called the December 8, 2014 regular meeting of the Castle Rock City Council to order at 7:33 p.m., followed by the Pledge of Allegiance. The following councilmembers were present: Ray Teter, Lee Kessler, Mike Davis and Ellen Rose.

#### BUSINESS FROM THE FLOOR

Police Chief Heuer introduced Sheriff Mark Nelson. Sheriff Nelson explained that his agency no longer has an active police cadet program and residual funds remained in his department, which were donated for the purpose of supporting the cadets. The Sheriff stated he was impressed with the Castle Rock police cadet program and wanted to use the county's donated funds for the purpose intended. Sheriff Nelson presented a check in the amount of \$1,184.25 to Officer Worley; the department's cadet liaison coordinator. Officer Worley acknowledged the donation and noted that these funds would be deposited directly into the cadet's bank account; which is not associated with city funds. Worley noted this program began several years ago, and he noted the numerous career successes from those who have participated in the Castle Rock cadet program.

#### PUBLIC HEARING

Mayor Pro-tempore Queen closed regular session at 7:40 p.m. for a public hearing to take testimony on the proposed budget for the City of Castle Rock, fiscal year ending December 31, 2015. The proposed budget includes a 2% increase in the utility tax for water, sewer and stormwater services, a 2% increase in stormwater service rates and a 1.5% increase in both water and sewer service rates. Clerk-Treasurer Ryana Covington noted that copies of the mayor's November 24, 2014 Budget Message, proposed ordinances and estimated expenditure and revenue projections for 2015 were made available to the public. Covington stated this is the second public hearing on the budget. Budgetary increases for 2015 reflect utility and residential street and sidewalk infrastructure improvements. The city has been awarded grant funds for two sidewalk improvement projects, with street improvements being funded by the Castle Rock City Transportation Benefit District. Covington also outlined personnel cost of living increases and reallocation of personnel costs between funds.

Mayor Helenberg arrived at 7:44 p.m.

There being no public testimony offered, Mayor Helenberg closed the Public Hearing at 7:46 p.m. and reconvened regular session.

#### PRESENTATION

Nancy Chennault, Castle Rock Strategic Marketing Plan consultant, noted that in August, city councilmembers proposed a Task Force be formed to evaluate options for use of the former Exhibit Hall building located at 147 Front Avenue NW. Task Force members would be developing recommendations and evaluating the feasibility of those options and then providing council with a presentation of those findings. Chennault outlined the members of

the citizen advisory Task Force, noting that it was comprised of community members residing from both inside and outside of the city limits. The first meeting was held August 27<sup>th</sup>, and committees continued to meet weekly thereafter. Task Force members researched historical data and solicited input from the public on recommended uses. Recommendations were summarized into three options; develop a community center, create business incubator space, or sell the property. Task force members then divided into three separate groups to complete feasibility evaluations for each of those options. The spokesperson for each group provided a PowerPoint presentation on their findings:

Marti Boshart outlined findings for possible development of a 'Front Avenue Event Center' Purpose: would provide a venue for different community, business and private events. The committee feels an event center would provide a reason for people to stay in the city; creating more economic growth potential in the areas of food, lodging, shopping and recreational activities. Some event opportunities could include: bazaar, classes, auctions, festivals, live music, live theatre, weddings or meetings.

Facility improvements: the building is approximately 4800 square feet. Of that, 2500 square feet would be used for event space, ADA restrooms would need to be added, a manager's office, storage, installation of portable walls, a portable stage and upgrading to a catering kitchen area. The proposed plan includes a banquet space to accommodate up to 240 people. The committee recommends that all of the interior posts be eliminated to allow for better use of the floor space. Create a pictorial history along one side of the building to preserve the city's history.

Cost: Estimated cost for renovation would be \$50/square foot (\$240,000). Moving of any support posts would greatly increase the renovation cost to around \$200/square foot. In addition to the renovations, high tech amenities would need to be added.

Sustainability: would come from rental fees for community, social, and business events. Success of this would be in using good marketing strategies; which would be the responsibility of the event manager.

Facility Management: the committee proposed three suggestions – board managed (if the city wanted to keep the facility), management by a non-profit organization (facility rented from the city), or by private interest.

Annual operating expenses: estimated at \$20,000 for building expenses and \$30,000 for a part-time manager. Manager would be responsible for planning and implementing community events, marketing the facility and managing support staff (for cleaning, set up etc).

Boshart stated Christine Schott from Windermere Realty volunteered to assess the building value. Her written report was provided to city council. Boshart noted it was Schott's opinion that the building is valued at only \$150,000 to \$175,000 in its current condition. Commercial buildings listed for sale in Castle Rock remain on the market for extended periods, during which time the city still would be responsible for upkeep and heating costs. Boshart stated the Windermere Realty evaluation also included assessments for use of this

building as an event center or as a business incubator site.

Chennault stated that Task Force committee members have invested hundreds of hours into their assessments to provide the best information to council.

Marilyn Young-Skogland presented the option to develop the Exhibit Hall building into a business incubator; called 'The Gateway'.

A business incubator was defined as an organization designed to accelerate the growth success of entrepreneurial companies through an array of business support resources and services. Examples of support or services include: providing physical space, access to capital, business coaching, shared common services and network connections. She noted that incubators should not be seen as the keystone to an economic development strategy, but instead as a desirable addition to a number of other efforts at promoting development in a community.

The committee recommends that the proposed incubator focus on promoting outdoor and recreational business development. Young-Skogland stated their committee also contacted Cowlitz Economic Development Council (CEDC) for information on industrial and commercial development within our city. CEDC felt the industrial land sites in Castle Rock are not ready for development and recommended focusing efforts on taking advantage of other recent public investments in the Castle Rock area such as the SR 504 utility corridor development, the Fire and Ice Scenic Loop project and the Mount Saint Helens Coalition for acquisition of the High Lakes land. Locally, public investment includes the boat launch, riverfront trail, Bike Park, fairgrounds and motorcycle track; in addition to the city's infrastructure improvements and American In Bloom campaign. Development of a business incubator would be another way to take advantage of the investments already made and to show Castle Rock as a vibrant and business ready community.

Young-Skogland stated the committee is suggesting securing an 'anchor' business, such as the US Forest Service or Mount Saint Helens Institute that has ties to Mount Saint Helens; then it would be easier to encourage 'like-minded' business enterprises to invest in Castle Rock. Her committee suggested businesses such as outfitters, guide services, local art, tour services, bicycle or kayak rental and retail sales for outdoor gear as options to consider.

Facility improvements: Her committee recommended that the exterior of the building retain similar characteristics with other downtown businesses. The interior should create an attractive draw; possibly including historic depictions on walls, opportunities for curator displays, or mountain legends. Young-Skogland showed a proposed layout of the building where community and usage space could be shared for meeting areas, networking and businesses. Building renovation costs would be approximately the same as proposed by the Event Center committee. Their committee agreed that the project could not move forward unless sufficient grant funds are available for financing the building rehabilitation. It

would not be feasible to seek loans for those improvements. Their rehabilitation budget does not include work on the back dock area due to the expense of renovating the area and the dock is not necessary for the success of the business incubator program.

Operational expenses: Estimated to cost \$20,000/year for operating costs and \$50,000/year for a dedicated staff to oversee activities. Staff duties include: coordinate shared services for businesses/tenants, plan for business collaboration/development, manage building uses and coordinate programs. Staff could be one person, contracted labor or a city employee. Dedicated staff to run the facility is important to assure the incubator's success.

Operational income: Young-Skogland referred to recommendations made by Windermere Realty regarding lease rates and provided councilmembers with various scenarios projecting a range of \$22,500/year to a best case scenario of \$90,000/year. These estimates are based on a lease rate between \$1 to \$3 per square foot.

Young-Skogland stated their committee presented the Business Incubator option to the Castle Rock Chamber of Commerce on November 13<sup>th</sup>. The Task Force received a letter of endorsement from the chamber in support of the business incubator concept. In response to Councilmember Kessler's question, Young-Skogland stated the estimated cost of renovation includes improvements to meet current building code standards.

Marti Boshart stated Windermere Realty estimated the replacement cost for the building would be between \$900,000 to \$1 million dollars.

Jon Cox provided a summary for the option to sell the building. He noted the market value of the building is between \$150,000 to \$200,000. His committee felt if the city sold the building, there are no current commercial development codes to assure that the building would remain consistent with the city's 'outdoor theme' façade. Cox also quoted the Windermere Realty report, citing one instance where a commercial building has been available for sale for over 500 days. Cox stated it was difficult to assess the effects of a social/economic impact if the building is sold; but he noted this should be taken into consideration by the city council.

Nancy Chennault summarized the Task Force has provided city council with several options and supporting evaluation assessments. Mayor Helenberg thanked committee members for their work. He asked if it would be possible for committees to further evaluate timelines for grant funding options. This will be an important issue for council to consider. In answer to questions posed by Task Force members, the mayor asked for information pertaining to proposed funding source, who can apply and timing of the application cycle. This information will help council determine how long the building will need to sit vacant before funding becomes available for implementation of either of those recommendations. The

mayor stated he would be interested in finding out what grants are available for 501(c)(3) non-profit organizations as well as governmental entities.

Boshart asked what is preventing the city from renting the building in its current condition. Mayor Helenberg stated council will need to evaluate what can be done and suggested those interested in renting the facility present a proposal to city council for their consideration.

Mayor Helenberg suggested an additional workshop can be scheduled near the end of January to further discuss options.

#### DEPARTMENT AND COUNCIL COMMITTEE REPORTS

1. Covington presented councilmembers with a preliminary Cash and Investment Activity report for November. She noted the report includes those invoices being considered for approval at tonight's meeting. Covington stated two funds currently show negative balances. Street Construction Capital Fund is awaiting grant reimbursement and reimbursement from the Castle Rock City Transportation Benefit District for payment of the city-wide residential street projects completed this year. The Municipal Water Capital Improvement Fund will require a budgetary amendment from the Water Fund to resolve this balance, until USDA advises of the loan status that the city applied for.
2. Nancy Chennault reported the Festival of Lights will be held this weekend. The parade will begin at 5:30 p.m., followed by the tree lighting ceremony.

#### CONSENT AGENDA

1. Councilmember Queen made a motion, seconded by Davis to approve the minutes to the November 24, 2014 regular council meeting. By roll call vote, unanimous 'Aye'.
2. Councilmember Teter stated he has reviewed November vouchers submitted for council approval and does not see any issues. Teter made a motion, seconded by Queen to approve payment of November invoices in the amount of \$265,711.75 and further described as adjustment number 383-11/14, check numbers 45438 through 45522 for general expenses and check numbers 24289 through 24316 for payroll expenditures, NACHA Draw batch 1688466 and 1690636 and adjustment for EFT tax payments for draw and end of month pay. By roll call vote, unanimous 'Aye'.

#### OLD BUSINESS

1. Councilmember Teter made a motion, seconded by Queen to approve Ordinance No. 2014-09, an ordinance amending Castle Rock Municipal Code 6.06.015, animal leash law, on second reading. By roll call vote, unanimous 'Aye'.
2. Councilmember Kessler made a motion, seconded by Rose to approve Resolution No. 2014-14, a resolution amending water and sewer rates, on second reading. By roll call

vote, unanimous 'Aye'.

3. Councilmember Rose made a motion, seconded by Teter to approve Ordinance No. 2014-10, an ordinance amending the stormwater service fees, on second reading. By roll call vote, unanimous 'Aye'.
4. Councilmember Teter made a motion, seconded by Davis to approve Ordinance No. 2014-11, an ordinance amending the tax rate for utility services relating to water, sewer and stormwater, on second reading. By roll call vote, unanimous 'Aye'.
5. Councilmember Queen made a motion, seconded by Rose to approve Ordinance No. 2014-12, an ordinance adopting the budget for the City of Castle Rock, fiscal year ending December 31, 2015, on second reading. By roll call vote, unanimous 'Aye'.
6. Councilmember Teter made a motion, seconded by Rose to approve Ordinance No. 2014-09, an ordinance amending Castle Rock Municipal Code 6.06.015, animal leash law, on first reading. Discussion: City Attorney Frank Randolph stated the proposed ordinance allows for a designated off-leash area referred to as the High Banks. The ordinance also denoted that dogs designated as 'dangerous' or 'potentially dangerous' or 'habitual offender' are not allowed in the leash free area. Randolph stated if any issues arise from this ordinance, city council always has the option of eliminating the off leash area by passing another ordinance. By roll call vote, unanimous 'Aye'.

#### NEW BUSINESS

1. City Engineer Mike Johnson, reported additional test pits were drilled to the south of the existing infiltration ponds. As a result, testing showed infiltration rates were similar to the existing pond. He noted to expand the pond to eliminate the needs for a discharge permit, the city would need an additional one to two-acre pond to be built. A formal written report will be submitted for council review, once completed.
2. City Engineer Mike Johnson stated the city had submitted a loan application for Drinking Water State Revolving funds to repair filter issues at the Water Treatment Plant. Johnson stated the city's application was not successful. He is currently researching other possible funding alternatives and will report at the next council meeting.
3. Covington presented three ordinances amending the 2014 operating budget. These budget amendments are required to adjust budget appropriations for several funds. Covington outlined each ordinance amendment request, noting that revenues are available to meet the additional expense requirements. Denoted ordinance numbers for council consideration are 2014-13, 2014-14 and 2014-15.

Councilmember Teter made a motion, seconded by Queen to approve Ordinance No.

2014-13, an ordinance amending appropriation amounts within General Fund for Executive, Park and Planning departments for purposes stated in the ordinance, on first reading. By roll call vote, unanimous 'Aye'.

Councilmember Kessler made a motion, seconded by Teter to approve Ordinance No. 2014-14, an ordinance amending budgetary appropriations for the Street Fund and Street Construction Capital Fund, for purposes stated in the ordinance, on first reading. By roll call vote, unanimous 'Aye'.

Councilmember Kessler made a motion to approve Ordinance No. 2014-15, with the following amendments for the Police Department (General Fund):

040 521 10 25 uniforms and clothing; \$2,700 increase

040 521 10 29 employment testing; \$1,300 increase

040 521 20 35 02 DFC Grant equipment purchase; \$4,800 increase

Covington stated that she had reviewed the 2014 budgeted allocation balance for the police department and after November invoices are paid, there is approximately \$100,000 of remaining allocation to be expended in the Police Department's budget for the month of December. The budget is not adopted by line item and as long as the adopted total allocation for that department is not exceeded; going over a projected line item expense amount does not require a budgetary amendment. Councilmember Teter asked Councilmember Kessler why he felt a budgetary amendment is necessary for the police department. Kessler stated those line items were not funded adequately this year, because there was not anticipation for a need to hire another patrol officer to fill any vacant position. He felt that by not amending the budget, the police department will need to make decisions on not spending on other items needed for the department, to make up for the unanticipated expenses of hiring a patrol officer. That would amount to \$4,000 that is needed for other things. Kessler stated budgetary amendments are a discussion with the council; not the clerk-treasurer and whether the bottom line balances or not, if the department has more money spent, you have to pull from some other area in the budget for those expenditures. Kessler stated he has not had the time to discuss future expenditures with Chief Heuer. Kessler stated it was Chief Heuer's understanding that a budgetary amendment for the police department would be made for those unanticipated expenses. Kessler stated it is the Chief that is statutorily responsible for the police department's budget.

Councilmember Teter asked Chief Heuer if there is a need for the amendment. Chief Heuer stated he was not prepared to discuss this; however the residual budgeted allocation remaining in his department exceeds what he typically expends in a month. Councilmember Kessler stated the Police Department has not been able to purchase necessary items this year because of trying to be careful with spending. By trimming more out of the budget, it further cuts expenses that could lead to equipment failure,

safety issues and staffing. He felt that to pull money out of other line items is punishing a department that has spent wisely throughout the year.

Kessler stated funding for these additional expenditures will come from General Fund, which has an ending balance as of November of \$372,633. In answer to Councilmember Davis' question, Covington stated the fiscal year 2015 estimated beginning fund balance for General Fund is budgeted to be \$205,000. Covington agreed that budget amendments and allocations are determined by city council however, in evaluating what that department's spending history has been; there appeared to be enough funds to sustain through the end of this fiscal year. Councilmember Davis felt it is the right thing to make sure the police department is able to use the funds that they were allocated; however he is not in favor of making changes that affect the ending fund balances. He would have liked to have been provided with this information earlier in the year that an amendment would be needed.

Councilmember Davis seconded Councilmember Kessler's motion as outlined above.

Chief Heuer stated if there is money left in his budget to meet December expenses, then no amendment would be needed. The expenses to equip the newly hired officer were unknown until the end of November when the official hiring decision was made. The other unknown was if expenses for the police academy would need to be paid in this fiscal year or in 2015. So it would not have been possible to provide information to city council any earlier. He did not feel this was an issue of management created by either the police department or finance department. He stated his budget if limited and he has been conservative in his spending and often money is not expended, even if it is allocated. He added that many times unexpected expenses arise due to incidents they must address; which may impact staffing and overtime costs. This is an issue that he must consider each year.

Councilmember Kessler stated he did not have adequate time to prepare and if he had, he would have provided council with an itemized list of the things that have been cut. These items include body armor, ballistic vests, and portable radios that are necessary items. Covington noted the police department also received a grant this year to pay for a portion of the ballistic vest expenses.

Vote on the motion: Councilmember Teter, Queen, Kessler, and Davis voted 'Aye'. Councilmember Rose voted 'Nay'. Motion carried.

EXECUTIVE SESSION- Mayor Helenberg adjourned regular session at 9:00 p.m. for a five-minute Executive Session to discuss potential litigation. No action to be taken following Executive Session.



Mayor Helenberg reconvened regular session at 9:15 p.m. There being no further business, meeting was adjourned.

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Mayor Paul Helenberg

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Clerk-Treasurer Ryana Covington