

**CALL TO ORDER:** Mayor Cook called the Council Meeting to order at 7:01 PM.

**ROLL CALL:** Council members present: Mary Welcome; Bill Slinkard; Tim Sievers; John Snyder; Jim Fielder; Katie Cooper. Staff present: Police Chief Jerry Neumann; Public Works Supt. Mike Wolf; City Administrator Kyle Dixon; & Deputy Clerk Ann Thompson.

**APPROVAL OF MINUTES:**

The Mayor's report is amended to include dates and a couple minor wording changes. No material changes. It will read as follows:

"It came as a surprise to Mayor and Council last week to learn that Pullman Regional Hospital (PRH) is looking to expand their taxing district to include Palouse, which may increase taxes in Palouse substantially via subsequent levies. Pullman citizens voted down the PRH tax levy bonds in 2019 and are seeking a larger tax base (Albion all the way to Palouse, including county), to help carry their tax burden. On January 5<sup>th</sup> and 6<sup>th</sup> Mayor Cook communicated with PRH CEO Scott Adams to better understand the process, mindset, and ultimately get some questions answered as well as express our concerns. That very day (1/6/21) the PRH board was already voting on continuing down this path. Mayor Cook expressed that Palouse hasn't had a voice despite what was perceived to be a transparent relationship. There are a number of issues with this, including the fact that Palouse's population also uses Gritman, Whitman, & Lewiston hospitals. Palouse has some major infrastructure issues coming and our own street and pool levies are vital for ongoing O&M costs; if PRH goes through with this, it may force Palouse residents to choose between city levies and the hospital levy. We need to make sure PRH is aware of Palouse's stance on this and Palouse voters need to be made aware of this. PRH needs to know this is not good for Palouse and PRH needs to hear our position prior to them moving forward. Councilmember Sievers **MOVED** to send a formal letter from Palouse City Council to PRH CEO Adams and the PRH Board of Commissioners, outlining our concerns as well as requesting they open the public comment period early to give Palouse an opportunity to voice our concerns on the matter. Councilmember Cooper seconded. Motion carried."

Councilmember Slinkard **MOVED** to adopt the minutes as amended. Councilmember Welcome seconded. Motion carried.

**PUBLIC WORKS REPORT:** Supt. Wolf submitted a written report.

-Supt. Wolf met with Whitney Equipment to look at updating the well telemetry and sewer plant. The new telemetry would include an emergency alert system directly linked with PW cell phones in the event of a breakdown at the wells or sewer plant. The estimate for this upgrade on the water side alone is approximately \$20,000.

-City is without our street sander right now because the gear box went out. Supt. Wolf is going to have it repaired.

**POLICE REPORT:** Chief Neumann submitted the police log.

**CITY ADMINISTRATOR REPORT:**

-2020 taxes have been completed and submitted electronically.

-The city is accepting bids on the surplus 1995 Ford pickup until this Thursday, January 28<sup>th</sup>, at 2 pm.

-City is accepting letters of interest for vacant council position #6 until Tuesday, February 23<sup>rd</sup>, at 5 pm or until filled.

-City is accepting letters of interest for Board of Adjustment vacancy.

-Whitman County did an inspection on the Sumner foot bridge (walking bridge over the river that connects the south hill residential area to downtown). Additionally, a structural engineer from Spokane is coming down for a structural inspection. When/if it passes the structural inspection, Public Works will address the superficial repairs identified by the county.

**OLD BUSINESS:**

Update from Varela & Associates on the funding application for wastewater upgrades:

ECY did not fund our application to proceed to design phase of improvements.

Varela submitted a written update in regards to the ECY funding application & offer. The funding list was published in mid-January and Palouse scored low and was not funded primarily due to two factors:

- In October, when submitting Palouse's application for funding for our wastewater treatment project, Varela uploaded the wrong city's project budget file with Palouse's application. Therefore, ECY was not able to properly score parts of the funding application.
- An overall concern by ECY that the project cost is high and unaffordable to Palouse residents.

As a result, Palouse was not offered design funding this funding cycle. Palouse was instead offered \$100,000 of forgivable loan, which is the same as a grant, to have a third-party value engineering review of the project (instead of Palouse's request for \$1.8 million for design funding). Much discussion ensued.

Options moving forward are:

Option 1 – Request a re-evaluation of the funding application

- During the 30-day comment period that ends February 14, 2021 request that ECY re-evaluate/ rescore Palouse's funding application, with the correct budget information.
- Indicate to ECY that without having design funding this cycle, the ability for Palouse to meet its effluent temperature limits by 2024 is significantly decreased.
- If the request for re-evaluation is denied, or if reevaluation still scores too low, the City could move forward with 3<sup>rd</sup> party value engineering of the current project.
- If the request for re-evaluation succeeds and the requested \$1.8 million design loan funding is granted, then Palouse would be compelled to move into the design phase.

Option 2 – Move forward with the ECY value planning / engineering offer

- Prepare a memo that acknowledges that the City is interested in accepting ECY's alternate \$100k (forgivable loan) to conduct value engineering.
- Also, acknowledge to ECY that this approach is appealing to the City as it strongly favors exploring whether cost reduction or a less costly alternative exists.
- Acknowledge that if the design funding was available now, the ability for the City to meet the 2024 deadline to reduce effluent temperature is questionable. Denying the design funding in this cycle further exacerbates the ability for the City to meet the deadline.
- Request that the temperature deadline be extended to coincide with the nitrogen effluent limit deadline to provide time for value engineering and possible changes to the wastewater plan.

Varela has had internal discussions regarding ECY's approach and think that the third-party value engineering of the project could potentially benefit the City by:

- Providing a pause and a formal review, with ECY's support and involvement.
- A final effort to potentially find a less costly solution(s)
- Potentially allow further regulatory discussion on effluent temperature and the use of adaptive management to phase improvements to water quality.
- If value engineering efforts identify significant cost reductions, the resulting project will receive stronger funding support by funding agencies and/or by the Legislature.
- And, if value engineering does not result in significant cost reductions, the resulting project will also receive stronger funding support by funding agencies and/or the Legislature, with the knowledge that all avenues of cost reduction and cost effectiveness have been explored.

Discussion on the history and timeline of the project ensued. We feel like we have done everything that has been asked of us from ECY and we keep running into obstacles. Communication within ECY seems to be lacking as the Eastern Region approved the facility plan back in October of 2020 but the funding arm of ECY is telling us this project is not viable due to high cost of improvements. We absolutely agree that the cost of this project is too high and that these improvements would represent a major waste of public funds. This is not the first time we have received conflicting information from ECY on this project. The timeline for meeting the temperature TMDL by the Summer of 2024 is already quite aggressive, this setback has the potential to eliminate it as a possibility. A discussion with ECY and Varela regarding moving the temperature TMDL compliance requirements to the summer of 2030 (to coincide with the timing of our Dissolved Inorganic Nitrate TMDL) is encouraged. Palouse and Varela should provide the updated budget during the comment period to show that we have corrected this error, but we like the idea of having a 3<sup>rd</sup> party engineering company review the work done to date and see if any other less expensive alternatives exist. This will be discussed further at our next council meeting on February 9<sup>th</sup> with Varela.

**COMMITTEE REPORTS/REQUESTS:**

Joint Fire Board, Chair Fielder-

- Councilmember Fielder will be the chair of the JFB for 2021.
- There were 0 fire calls in December, and 54 for year. There were 32 training sessions.
- There were 7 EMS calls in December. 126 for year.
- Most of Fire/EMS personnel have had both rounds of COVID vaccine.

**MAYOR'S REPORT:**

Mayor Cook sent a detailed letter on behalf of Palouse City Council to president of PRH Board and the CEO of PRH addressing Palouse's concerns regarding the potential expansion of taxing district boundaries, outlining the city's position, summarizing our concerns, and requesting early community feedback options.

Mayor Cook, CA Dixon, and Supt. Wolf met with the Garfield Mayor and PW Supt to discuss the potential of sharing Palouse's newly-created 4<sup>th</sup> public works position. Garfield wasn't sure on their need so for now the plan is to share for six months and then evaluate both city's needs moving forward. Whatever hours are worked in Garfield will be paid by Garfield.

**ALLOW PAYMENT OF BILLS:** Councilmember Welcome **MOVED** that the bills against the city be allowed. Councilmember Fielder seconded. The motion carried.

The following checks are approved for payment:

Claims Paid    01/26/2021    Ck. #11398-11415 & EFT    \$14,881.78

**ADJOURN:** Councilmember Cooper **MOVED** to adjourn. Councilmember Slinkard seconded the motion and the motion carried. The council meeting adjourned at 7:37 PM.

APPROVED: \_\_\_\_\_ ATTEST: \_\_\_\_\_