SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

ITEM NO:	Consent C 1
DATE:	May 24, 2007
SUBJECT:	Council Minutes
CONTACT PERSON:	Laura Koenig, City Clerk
SUMMARY:	Attached are the minutes of the May 10, 2007 regular Council meeting as on file in the offfice of the City Clerk.
RECOMMENDED ACTION:	Approve as submitted.
MOTION:	Move to accept the consent agenda as presented.

COUNCIL ACTION:

DATE:

CITY OF SULTAN COUNCIL MEETING – May 10, 2007

The regular meeting of the Sultan City Council was called to order in the Sultan Community Center by Mayor Tolson. Councilmembers present: Champeaux, Wiediger, Slawson, Seehuus, Flower, Blair and Boyd.

CHANGES/ADDITIONS TO THE AGENDA:
Add: Executive Session for litigation

PRESENTATION:
Rate Study Program Update: Connie Dunn introduced Angie Sanchez and Brian Rice from FCS who provided an update on the sewer rate study.
The rate study process includes:

1. Defining capital facilities needs.
2. Revenue of revenue requirements
3. Determine a rate structure.

Sewer costs are funded by new customers, existing customers and outside sources. The city needs to determine the revenue requirements and develop fiscal policies. Fiscal policies will address operating costs, capital costs, bond service and system reinvestment. The study period for the reports is 2007-2013 and used the 2006 budget as the base year for revenues and expense. A summary of the capital costs for repair and maintenance as well as upgrades and expansions was provided. A 22.8% increase in monthly rates will be needed to cover additional operation and maintenance costs and the necessary repairs to the existing facility. The general facility charge is a one time fee imposed on new developments and it was recommended that the rate be increased from $9,106 to $9,240. There are other funding alternatives which include the general facility charges, developer reimbursement contracts (latecomer) and contractual development commitment (pre pay for service)
Discussion was held on the capacity of the plant currently under design, charging a monthly fee to those who pre-pay for connections, number of connections used to calculate the fees, payment of debt service if connections don't occur and the need to expand the plant before cost escalate.

COMMENTS FROM THE PUBLIC:
Craig Sears, Sultan 144 LLC, was present to let the Council know that the development community recognizes that they have a responsibility to help the city work out the problem with the sewer plant. They have an Attorney with experience in developer agreements and they will provide council with options. They need predictability to proceed with their developments and with the approved UGA they know how many units will be available and the time frame for planning and building. They agree that construction needs to proceed before the costs go up.

Josie Fallgatter: Commended staff on a good presentation on the rate study. Staff state that debt service will be fully funded in 2008, does this include all debt? The sewer capacity was upgraded in 1998 and those people should be able to get connections without paying for new growth.

COUNCILMEMBERS COMMENTS:
Slawson: The monthly fees weren't raised in the past at the proper rates and the council will need to review them and will have to raise rates for the good of the city.
Boyd: The Council will need to raise rates to pay for the new service now. The prior council did not increase the rates but the existing customers do need to pay for the cost of the previous upgrades.
Blair: Reported that she had attended the Monroe Chamber meeting and County Executive Reardon was present to discuss the clean up on Sky View Drive and the need for parks, however, the park proposal did not include any areas past Monroe. The city needs to make sure the County Council addresses the needs for parks in East County and provides funding for Highway 2 improvements.
Flower: Noted the passing of Genevieve Jelinek who was a great person and asset to the community.
Seehuus: Apologized for missing the last two meetings due to family issues but wanted to express his opinion on the police issue. He would like to see the matter resolved as is it demoralizing to the officers.

CITY OF SULTAN COUNCIL MEETING – May 10, 2007

CONSENT AGENDA:
The following items are incorporated into the consent and approved by a single motion of the Council. On a motion by Councilmember Champeaux, seconded by Councilmember Flower, the consent agenda was approved as presented. Champeaux – aye; Wiediger – aye; Slawson – aye; Seehuus – aye, abstained on the minutes; Flower – aye; Blair – aye, Boyd – aye.

1) Minutes of the April 26, 2007 regular Council Meeting as on file in the Office of the City Clerk.
2) Approval of Vouchers in the amount of $107,225.25 and payroll in the amount of $87,057.24 to be drawn and paid on the proper accounts.
3) Authorization for the Mayor to sign a contract with Jones & Stokes in the amount of $48,870 to complete the revised mitigation plan for LID 97-1.
4) Authorization for the Mayor to sign a contract with the Department of Corrections for use of the Community Work crew to maintain city parks.

ACTION ITEMS:
Ordinance 950-07: The City has been in the process of negotiating a renewal of the Cable Franchise Agreement since April 2004 and it is anticipated that the contract should be completed by September 2007. The Consortium hired River Oak Communications in 2006 to negotiate the contract and due to the length of time involved in the process, additional funding will be required. On a motion by Councilmember Boyd, seconded by Councilmember Seehuus, Ordinance 950-07 extending the Cable Franchise Agreement was introduced and passed on to a second reading. All ayes except Councilmember Champeaux who voted nay.
On a motion by Councilmember Slawson, seconded by Councilmember Seehuus, the Mayor was authorized to execute a professional service contract change order with River Oaks Communications in an amount not to exceed $900. All ayes except Councilmember Champeaux who voted nay.

MBR Rejection of Proposals/ Resolution 07-10 Declaration of Special Facilities Equipment: In February 2007, the City published a request for proposals for the purchase of a Membrane Bioreactor System for the Waste Water Plant. Due to the specialty of the equipment, there is no uniform set of terms, conditions and specifications that the City can issue to obtain multiple responsive bids. The City Attorney and project engineer have recommended that all bids be rejected and that the Council declare that in accordance with RCW 39.04.280(1)(b) that the competitive bid requirements be waived as the MBR system is a pollution control facility, a special facility and that special market conditions exist that prevent the receipt of multiple responsive competitive bids. Councilmembers requested clarification on the bid process and the problems with the supplier's responses. Tom Graafstra, City Attorney, advised that there are technical differences in the equipment from the suppliers and that there were also objections to the terms of the contract. Several addendums were issued to try to address the terms and technical issues without success. It has been determined that it would be futile to try to obtain competitive bids and it is in the best interest of the City to waive the competitive bid process. Staff advised that a decision on the type of membrane system to use has not been made and other factors such as operation and maintenance costs and ease of service must be considered as part of the selection process.
On a motion by Councilmember Flower, seconded by Councilmember Slawson, the MBR proposals received on March 15, 2007 were rejected. All ayes.
On a motion by Councilmember Blair, seconded by Councilmember Flower, Resolution 07-10 authorizing negotiations for special facility equipment with MBR suppliers was adopted. All ayes.

Brown and Caldwell Contract Amendment #3: The City has requested that Brown and Caldwell complete additional services in connection with the Waste Water Plant project to include extended work on the MBR procurement, assistance in the preparation of Developer Agreements and project management. The total increase to the contract is $71,385 to be funded by the PWFT loan and utility reserve funds. Discussion was held on the cost of the amendment and the additional work required, contingency amounts in the original contract and concerns that more funds will be needed later. Questions were asked about the need to spend $33,000 to provide developer agreements. Staff advised that they are looking at several

CITY OF SULTAN COUNCIL MEETING – May 10, 2007

Brown and Caldwell Contract Amendment #3: options for funding to include latecomer agreements or developer agreements that allow capacity purchase up front. There are legal issues to consider with the agreements.
On a motion by Councilmember Boyd, seconded by Councilmember Seehuus, the Mayor was authorized to sign the amended contract with Brown and Caldwell in the amount of $71,285. All ayes except Councilmember Flower who voted nay.

Resolution 07-08 VEBA Benefit: Deborah Knight provided information on the VEBA health reimbursement plan. This is a tax free benefit to provide for current and future medical expenses. Discussion was held on whether to extend the benefit to represented employees or make it part of the contract negotiations.
Councilmember Champeaux moved to adopt Resolution 07-08 authorizing the establishment of the Voluntary Employee Benefit Association health reimbursement arrangement plan for Elected Officials and employees in the City, seconded by Councilmember Boyd. Boyd, Wiediger and Slawson – ayes; Seehuus, Flower, Blair, Champeaux - nay.
Councilmember Blair moved to adopt Resolution 07-08 authorizing the establishment of the Voluntary Employee Benefit Association health reimbursement arrangement plan for Elected Officials and non represented employees in the City with an amendment to exclude represented employees until it is negotiated as part of the bargaining agreement, seconded by Councilmember Champeaux. Seehuus, Flower, Blair, Champeaux – ayes. Boyd, Wiediger, Slawson - nay.

Public Works Equipment Purchase: City staff requested authorization to purchase chain saws, a lawn mower and dumpsters to replace aging equipment. All items are included in the 2007 budget. On a motion by Councilmember Wiediger, seconded by Councilmember Flower, staff was authorized to purchase a chain saw and weed eaters from Glen's Rental Sales and Service. All ayes.
On a motion by Councilmember Slawson, seconded by Councilmember Seehuus, staff was authorized to purchase a Kabota mower from Kitsap Farm Garden. All ayes.
On a motion by Councilmember Slawson, seconded by Councilmember Flower, staff was authorized to purchase five dumpsters from Western Systems and Fabrication. All ayes.

DISCUSSION ITEMS:
Transportation Plan Update:
Deborah Knight provided a status report on the Comprehensive Plan Transportation Element and the proposed 20 year transportation project list. There are four roads that currently are a level "B" that should be changed to a level "D" due to the amount of traffic. The Capital Facilities Plan, Transportation Element of the Comprehensive Plan, the TIP and the Capital Improvement Plan are all tied together and require consistency. The City needs to submit the 6 Year Transportation Improvement Plan (TIP) to the state by August. The proposed list was presented to the Planning Board and they have elected to defer comment until after the Open House on May 15th. The 41 projects in the plan have a total cost of $15 million. The Dyer-Skywall connection has been an issue of concern and the residents have asked that it be removed from the plan. The problem is that the area floods and future development in the area may hinder access during emergencies. Staff recommends an emergency access road instead of a road on private property.

Animal Control: The Council has discussed the animal control program at several meetings and has taken action to enter into Interlocal agreements for animal shelter service and transport services. A complete review of the City's current animal regulations is needed. Discussion was held on the need for a subcommittee to assist staff with the updates to the animal control regulations. Councilmembers Boyd, Seehuus and Slawson agreed to work on the sub committee.

CITY OF SULTAN COUNCIL MEETING – May 10, 2007

SEIS Comp Plan: Rick Cisar advised that the City needs to issue a supplemental SEIS as part of the comprehensive plan update in order to allow for a public comment period on the proposed changes to the plan. A schedule for the comprehensive plan update and SEIS was provided. Brief discussion was held on the need to move forward to comply with the requirements of the Growth Management Board. The City Attorney advised that the Growth Management Board could find the City to be non compliant which could impact funding and vesting of projects. The level of service issues will be addressed after the other compliance issues have been resolved.

PUBLIC COMMENTS
Loretta Storm: Recommended that citizens be included on the committee to discuss animal control. Noted that the VEBA program is not free if the city staff time is spent on administration. The Council thinking that the developers are ready to move ahead and that they are comfortable with the set boundaries may be unrealistic. Thanked the city for setting the flags at half mast for Genevieve Jelinek.

Executive Session: On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, the Council adjourned to executive session for ten minutes to discuss threatened litigation. All ayes.

Adjournment: On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, the meeting adjourned at 10:05 PM.

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Benjamin Tolson, Mayor

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Laura J. Koenig, City Clerk