

**SULTAN CITY COUNCIL MEETING
AGENDA COVER SHEET**

ITEM NO: A - 9
DATE: August 23, 2007
SUBJECT: General Facility Charge Increase
Ordinance 956-07
CONTACT PERSON: Public Works Director Connie Dunn

ISSUE:

The issue before the City Council is the first reading of Ordinance 956-07 establishing the increase of the General Facility Charge (GFC).

Attachment-A is Ordinance 956-07 using the Sewer Rate Study written by Financial Solutions Consulting Group, (FCS). Attachment B includes comments received at the Public Hearings held July 31, 2007 before the Planning Board and August 9, 2007 before City Council.

RECOMMENDED ACTION:

Staff recommends setting the GFC with Ordinance 956-07 with increases being effective in the following steps:

Increase the General Facility Charge paid by new development to \$10,518 September 24, 2007 with an increase on January 1, 2008 to \$11,282 to provide funding for the Wastewater Treatment Plant Upgrade Phase I accommodating new development and pay debt service for the existing System Improvements.

The Rates would be as follows:

General Facility Charges:

September 24, 2007	\$10,518
January 1, 2008	\$11,282

The Sewer Utility Rate Study recommends review of budgeted improvements constructed annually and to adjust the GFC on that basis. Revenue split for the GFC is 60% debt service and 40% capital improvements.

BACKGROUND:

On completion of the 2006 Wastewater Treatment Plant Upgrade Engineering Report, the City realized it would be unable to fund the Wastewater Treatment Plant upgrade with the current General Facility Charge (GFC) for increased capacity to serve new customers and the current rate payer fees for system improvements for continued

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BACKGROUND:

On completion of the 2006 Wastewater Treatment Plant Upgrade Engineering Report, the City realized it would be unable to fund the Wastewater Treatment Plant upgrade with the current General Facility Charge (GFC) for increased capacity to serve new customers and the current rate payer fees for system improvements for continued

service to existing customers. The City of Sultan contracted with Financial Consulting Solution Group (FCS) to complete a Sewer Rate Study to determine the GFC and monthly rate necessary to provide for the full capital (short-term and WWTP Phase I) projects to maintain current level of service and the anticipated growth rates that are part of the development assumptions. The proposed methodology is to update the GFC charge each year to include future capital projects approved within the budget year. On page 5 of the August 9, 2007 Public Meeting Presentation (Attachment C) it contains a list of capital improvements and costs in the summary of 2007-2013 capital projects. Setting the GFC in Ordinance 956-07 follows the methodology presented in the Sewer Utility Rate Study.

The Public Outreach for the Sewer Utility Rate Study that FCS Group was contracted to complete for the City of Sultan has been as follows:

- ✓ Several Months in 2007 On the back of the monthly Utility Bills
- ✓ March 13, 2007 2007 Comprehensive Plan Update
- ✓ April 15, 2007 Open House
- ✓ May 10, 2007 Sewer Rate Study presentation by FCS Group to the City of Sultan Council
- ✓ May 15, 2007 Sewer Rate Study was presented at the Open House
- ✓ July 17, 2007 Sewer Rate Increase set the Public Hearing before the Planning Board for July 31, 2007 at 7 pm.
- ✓ July 26, 2007 City Council set the Public Hearing for August 9, 2007, 6 pm
- ✓ July 31, 2007 Sultan Planning Board presided over the Public Hearing and during the Planning Board meeting voted to pass the Sewer Rate Study as presented onto the City Council for the Public Hearing on August 9, 2007.
- ✓ August 9, 2007 The City Council conducted a Public Hearing regarding the Sewer Rate Study with the proposed rate increase in monthly and general facility charges.
- ✓ Attachment B Contains the above information

FCS Group worked with City Staff gathering information needed to complete a comprehensive study identifying the needed improvements and funding to meet the goals set in the 2004 City of Sultan Comprehensive Plan.

2004 Comprehensive Plan 2.11 Utilities Goal:

- Maintain and enhance the development and operation of an effective, efficient wastewater treatment plant and collection system that will meet the needs of Sultan's present and future urban service area.
- Sewer Capacity: Increase wastewater treatment plant and collection line capacity allocations to meet the need of the Sultan future urban area. Increase capacity allocations to reflect increased usage trends caused by Sultan's continued urban intensification and economic development.

DISCUSSION:

The City of Sultan has a General Sewer Plan, Engineering Report for Upgrade of the WWTP, and Capital Improvement Plan which lists the needed improvements that the City through a contract with FCS Group directed to review and provide the City of Sultan with a financial method in which to accomplish the improvements listed in the adopted plans.

Based on the recommendation of the Consultant the staff will be bringing a revised monthly rate schedule ordinance to the Council for consideration in September. Additional work is required to calculate the commercial monthly sewer rate increases.

PLANNING BOARD RECOMMENDATION:

The Planning Board conducted the Public Hearing regarding Sewer Rates and General Facilities Charge increase on July 31, 2007, receiving comments (Attachment B) and voting to pass as written onto Sultan City Council for Public Hearing on August 9, 2007 at 6 pm or shortly thereafter, which the Council conducted.

RECOMMENDED COUNCIL MOTION:

Approve the first reading of Ordinance 956-07 setting the Sewer General Facility Charges at the increased recommended charges, passing it on for the second reading on September 13, 2007 with the GFC rate increase(s) effective 5 days after publication by the City Clerk.

COUNCIL ACTION:

DATE: August 23, 2007

ATTACHMENTS:

Attachment A	Ordinance 956-07
Attachment B	Public Outreach - the back Utility bill(s), press releases, agenda cover sheets, open house announcements, flyers, etc.
Attachment C	FCS Group Presentation of the Sewer Utility Rate Study, August 9, 2007

CITY OF SULTAN
ORDINANCE NO. 956-07

AN ORDINANCE OF THE CITY OF SULTAN, WASHINGTON PERTAINING TO SEWER FACILITY CHARGES TO INCREASE CONNECTION CHARGES

WHEREAS, pursuant to RCW 35.92.020 and 35.92.025 the City through its legislative authority has the power and authority to establish rates for sewerage service and also to establish a reasonable connection charge as a condition to granting the right to connect to the City's sewer system;

WHEREAS, the City has conducted an investigation of the historic costs of its system and of interest and other factors influencing that cost for the purpose of determining an appropriate connection charge;

WHEREAS, the City wishes to establish connection charges that reflect an equitable share of the cost of the system for connection to the system;

NOW, THEREFORE, it is ordained by the City Council of the City of Sultan, Washington as follows:

Section 1. Sultan Municipal Code Subsection 13.08.030 B is hereby amended to read as follows:

B. Sewer Service Connection Charge

Sewer General Facility Charge:

There is hereby imposed on all parties seeking to connect to the sewer system a general facility charge as follows:

Residential: Based upon number of equivalent residential units multiplied by charge below.

Accessory Dwelling Unit (ADU):

Attached Unit: No separate charge and included in the residential per unit cost of the principal use.

Detached Unit: 50% of an equivalent residential unit.

Commercial: Based upon equivalence of usage to equivalent residential unit multiplied by charge below. Charge will be determined on a case by case basis.

Non-profit Social Service Agencies: Exempt from all or a portion of the Commercial connection charge as determined by the Public Works Director to reflect the mission of the agency to provide assistance to the poor, elderly, or disabled.

Public and Private Parks, Recreational Areas or Facilities and Facilities open space areas: Based upon equivalence of usage to equivalent residential unit multiplied by charge below. Charge will be determined on a case by case basis.

The charge per equivalent residential unit shall be:

Effective September 24, 2007	\$10,518
Effective January 1, 2008	\$11,282

In addition to the sewer general facility charge, the actual costs for installation and inspection shall be paid by the party seeking service.

Section 5. This ordinance shall become effective five days after publication as required by law.

PASSED by the City Council and APPROVED by the Mayor this day of .

CITY OF SULTAN

By _____
BEN TOLSON, Mayor

ATTEST:

By _____
LAURA KOENIG, City Clerk

Approved as to form:

By _____
THOM H. GRAAFSTRA, City Attorney

Attachment B

YOU ARE INVITED

***TO THE CITY OF SULTAN
2007 COMPREHENSIVE PLAN UPDATE
OPEN HOUSE***

**March 13, 2007
4:00pm to 8:00pm
Community Center Council Chambers
319 Main Street**

**WE WILL BE DISCUSSING AND REQUESTING CITIZEN
SUGGESTIONS AND COMMENTS ON...**

Updates to the Comprehensive Plan including:

**Land Use
Transportation
Parks and Recreation
Natural Environment
Capital Facilities Element**

THE OPEN HOUSE WILL ALSO PROVIDE INFORMATION ON...

**Storm Water Utility
Wastewater Treatment Plant Expansion
Sewer Rate Charge
2008-2012 Capital Improvement Plan**

B-1

UTILITY BILLING STATEMENT ENCLOSED

Calendar – All Meetings in Community Center (unless otherwise noted)

April 12, 2007

6:00 PM – Presentation

Community rating system for flood insurance

7:00 PM – Council Meeting

Storm Water Utility Fee Introduction

Budget Amendments

Council land use quasi-judicial alternatives

April 15, 2007

4:00 – 7:00 PM – Open House

Proposed sewer and storm water rate increases

Shoreline master plan regulations

2008 – 2013 proposed capital project investments

April 17, 2007

7:00 PM – Planning Board Meeting

Comprehensive plan

Transportation plan project proposals

April 21, 2007

LOC: Sultan High School

Spring Clean up Day – proof of residency required.

April 26, 2007

LOC: Middle School Commons

7:00 PM – Council Meeting

Snohomish Co. Sheriff In-house presentation

Contract services

May 31, 2007

6:30 PM – Town Meeting

PAYMENT ARRANGEMENTS – At the discretion of the finance dept. the minimum payment to avoid shut off is your past due amount plus a minimum of \$50.00.

GARBAGE SERVICE – Effective May 1, 2007; All customers who place additional garbage cans at the curb will be billed \$9.75 for excess garbage pick up per extra can.

ELECTRONIC METERS – Currently residential water meters are read on even months. Over the next year the city is replacing mechanical water meters with electronic meters. Electronic water meters will be read monthly.

Comments: www.ci.sultan.wa.us or (360) 793-2231

Utility Billing Statement Enclosed

UTILITY BILLING STATEMENT ENCLOSED

Calendar – All Meetings in Community Center (unless otherwise noted)

May 10, 2007

6:00 PM – Joint Council/Planning Board Mtg

- Shoreline Master Plan – discussion on goals, policies, and regulations adjacent to Sultan shorelines.

7:00 PM – Council Meeting

- Waste Water Treatment Plant Upgrade
- Transportation Improvement Plan
- Comprehensive Plan environmental impact statement

May 15, 2007

4:00 – 7:00 PM – Open House

- Proposed sewer rate increases
- Shoreline master plan regulations
- 2008 – 2013 proposed capital project investments

May 15, 2007

7:00 PM – Planning Board Meeting

- Public Hearing – non conforming uses in Sultan
- Changing development code to allow expansion of commercial non-conforming uses

May 24, 2007

7:00 PM – Council Meeting

- Discuss alternatives for police service contract w/Snohomish County
- Shoreline Master Plan goals, policies, & regulations

May 31, 2007

7:00 PM – Town Meeting

- Comprehensive plan update

Meeting information: www.ci.sultan.wa.us/council

Comments: www.ci.sultan.wa.us or (360) 793-2231

CITY HALL CLOSURES

Memorial Day

Closed Monday May 28, 2007 - *Holiday Garbage Schedule in Effect*

Utility Billing Statement Enclosed

OPEN HOUSE

PLEASE JOIN US FOR AN OPEN HOUSE

When?

May 15, 2007 from 4pm to 7pm.

Where?

Sultan City Council Chambers
319 Main Street

THE TOPICS OF DISCUSSION ARE:

Proposed Sewer Rate Increase
Establishing Storm Water Utility Fee
Adopting 6 yr. Transportation Plan
Adopting a Shoreline Master Program

PLEASE JOIN US!!

For more information, go to www.ci.sultan.wa.us

CITY OF SULTAN

319 Main St #200; PO Box 1199
Ph: 360.793.2231 – Fax: 360.793.3344

UTILITY BILLING STATEMENT ENCLOSED

Calendar – All Meetings in Community Center (unless otherwise noted)

June 11, 2007

7:00 PM – Council Meeting

June 13, 2007

2:00 PM – Hearing Examiner, Jones Variance

June 19, 2007

7:00 PM – Planning Board Meeting

June 21, 2007

2:00 PM – Hearing Examiner, Ramirez Appeal

June 23, 2007

LOC: Monroe Library

9:00 AM – Budget Workshop

June 25, 2007

7:00 PM – Hwy 2 Coalition Meeting

June 28, 2007

7:00 PM – Council Meeting

July 3, 2007

7:00 PM Planning Board Meeting

FYI: July 12, 2007

Council Meeting Agenda Item

- The City Council is considering an increase to the monthly sewer base rate by \$4.70 effective December 1, 2007
- The City Council is also considering establishing a storm water utility fee between \$11.00 and \$13.00 per month on each parcel of developed residential property in Sultan.
- Developed commercial property would pay a storm water fee based on the amount of impervious surface.

Contact Connie Dunn, Public Works Director, at (360) 793-2231 for more information.

Meeting information: www.ci.sultan.wa.us/council

Comments: www.ci.sultan.wa.us or (360) 793-2231

Utility Billing Statement Enclosed

UTILITY BILLING STATEMENT ENCLOSED

Calendar – All Meetings in Community Center (unless otherwise noted)

July 10, 2007

1:00 PM Hearing Examiner, Hammer Property

July 12, 2007

7:00 PM – City Council Meeting

- Decision on police service contract w/Sno Co Sheriff
- Levy Lid Lift – voter approved ballot measure to restore maximum property tax levy.
- Second reading to approve Shoreline Master Plan.

July 17, 2007

1:00 PM – Hearing Examiner, Sportsman's Club

July 17, 2007

7:00 PM – Planning Board Meeting

- Storm water Utility Public Hearing
- Transportation Impact Fee proposed increase
- Sewer Rate Study – set public hearing
- Comp Plan Update Supplemental Environmental impact statement (SEIS)

July 26, 2007

7:00 PM – City Council Meeting

July 31, 2007

7:00 PM – Planning Board Meeting

FYI: July 17, 2007

Planning Board Agenda Item

- The Planning Board is considering an increase to the monthly sewer base rate by \$4.70 effective December 1, 2007
- The Planning Board is also considering recommending a storm water utility fee between \$11.00 and \$13.00 per month on each parcel of developed residential property in Sultan.
- Developed commercial property would pay a storm water fee based on the amount of impervious surface.

Contact Connie Dunn, Public Works Director, at (360) 793-2231 for more information.

Meeting information: www.ci.sultan.wa.us/council

Comments: www.ci.sultan.wa.us or (360) 793-2231

Utility Billing Statement Enclosed

B-6

UTILITY BILLING STATEMENT ENCLOSED

Calendar – All Meetings in Community Center (unless otherwise noted)

August 9, 2007

6:00 PM Public Hearing, Sewer Rate Increase
Council will consider increasing the monthly sewer rate from \$52.00 to \$56.70 effective 12/01/2007

6:00 PM Public Hearing, Storm water utility
Council will consider creating a storm water utility fee between \$11.00 and \$13.00 per month on each parcel of developed residential property.

August 9, 2007 - 7:00 PM – Council Meeting

- Ordinance 957-07 - Budget Amendment
- Resolution 07-14 - Adopting the 2008 – 2013 Transportation Improvement Plan
- AJ's Place – request for extension

August 14, 2007

3:00 – 9:00 PM – Comp Plan Open House
Review proposed changes to the City's Comprehensive Plan

Council is amending the 2007 Budget to adjust revenues and expenditures to balance the General fund. The General Fund collects revenues from property taxes (\$566,000), sales tax revenues (\$255,000), and developer fees for reviewing and approving new development (approx. \$300,000). Developer fees are not coming in as anticipated due to circumstances outside the city's control. Council is discontinuing the following services:

Park maintenance: mowing, watering, weeding, remove port-o-potties, pulling goal posts at Osprey Park

Street maintenance: Pot holes not filled, Leaves not removed, Catch basins not cleaned of debris, Right of way not mowed, Remove flower pots on Main Street.

Street lights turned off: Street lights in front of residential properties would be shut off. Street lighting would remain on 1st, 4th, 8th, Main, US 2.

HOW CAN YOU HELP?

VOLUNTEER – The city will be putting together volunteer programs to help maintain city services. Stay tuned for more information.

Comments: www.ci.sultan.wa.us or (360) 793-2231

Utility Billing Statement Enclosed

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**SULTAN CITY COUNCIL MEETING
 319 MAIN STREET**

May 10, 2007

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- [Snohomish County Fire District #5](#)
- [Sultan Public Library](#)
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Upcoming Events

Tue, Aug 21, 2007
Planning Board Meeting
 (7:00pm)

Thu, Aug 23, 2007
Public Hearing - George 6-Plex
 (6:30pm)
City Council Meeting
 (7:00pm)

Mon, Sep 3, 2007
CITY HALL CLOSED
 Sun, Sep 9, 2007
CITY HALL CLOSED
 Tue, Sep 11, 2007
Planning Board Meeting
 (7:00pm)

Tue, Sep 25, 2007
Planning Board Meeting
 (7:00pm)

Tue, Oct 2, 2007
Planning Board Meeting
 (7:00pm)

6:00 PM Planning Board/Council Meeting on Shorelines Program

7:00 PM CALL TO ORDER - Pledge of Allegiance and Roll Call

CHANGES/ADDITIONS TO THE AGENDA

PRESENTATIONS

1. **Rate Study Update**

COMMENTS FROM THE PUBLIC: Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak. It is also requested that you complete a comment form for further contact.

COUNCILMEMBER COMMENTS

HEARINGS

STAFF REPORTS - Written Reports Submitted

1. **City Admin Staff Report**

CONSENT AGENDA: The following items are incorporated into the consent agenda and approved by a single motion of the Council.

1. **Minutes of the April 26, 2007 Council Meeting**
2. **Approval of Vouchers**
3. **Jones & Stokes Contract Amendment**
4. **Department of Correction Renewal of Service Contract**

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Tue, Oct 16, 2007
Planning Board Meeting
(7:00pm)

Tue, Nov 13, 2007
Planning Board Meeting
(7:00pm)

ACTION ITEMS:

1.  **First Reading Ordinance 950-07 Cable Franchise Agreement Extension**
2.  **Resolution 07-10 MBR Procurement**
3.  **Brown & Caldwell Contract Amendment**
4.  **Resolution 07-08 VEBA**
5.  **Purchase of Public Works Equipment**

Contact Us

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Fax: 360.793.3344

Electronic

cityhall@ci.sultan.wa.us

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DISCUSSION: Time Permitting

1.  **Transportation Improvement Plan**
2.  **Update on Animal Control**
3.  **SEIS Comp plan**

PUBLIC COMMENT ON AGENDA ITEMS ONLY

COUNCILMEMBER RESPONSE TO PUBLIC COMMENT ON AGENDA ITEMS

Executive Session:

Adjournment- 10:00 PM or at the conclusion of Council business.

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 Audio of the council meeting.

 MD5 Checksums for attachments

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**SULTAN PLANNING BOARD MEETING
 319 MAIN STREET**

June 17, 2007

7:00 PM CALL TO ORDER - Pledge of Allegiance and Roll Call

COMMENTS FROM THE PUBLIC: Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak. It is also requested that you complete a comment form for further contact.

CHANGES/ADDITIONS TO THE AGENDA

Public Hearing

1. **Adopting a Stormwater Utility**
2. **6-Year Transportation Improvement Plan**
 - o **Attachments A-C**
 - o **Attachment D**

COMMITTEE REPORTS AND STAFF PRESENTATIONS

1. **Supplemental EIS - Reid Shockey**

ACTION ITEMS:

1. **Approval of the June 26, 2007 Minutes**
2. **Sewer Rate Increase - Set Public Hearing**

DISCUSSION:

PUBLIC COMMENT ON AGENDA ITEMS ONLY

PLANNING BOARD COMMENTS

Adjournment- 10:00 PM or at the conclusion of business.

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**SULTAN CITY COUNCIL MEETING
 319 MAIN STREET**

July 26, 2007

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- [One-Stop Shopping for Flood Information](#)
- [Snohomish County Fire District #5](#)
- [Sultan Public Library](#)
- [Sultan Municipal Code](#)
- [Sultan School District](#)
- [Sultan Police](#)
- [Snohomish County](#)
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6:00 PM **Public Hearing - 6 Year Transportation Improvement Program**
2008-2013 Transportation Improvement Plan

6:00 PM **Public Hearing - 2007 Budget Amendments**
Council Subcommittee General Fund Budget Metting Pg.1-33
Council Subcommittee General Fund Budget Metting Pg.34-101

7:00 PM **CALL TO ORDER** - Pledge of Allegiance and Roll Call

CHANGES/ADDITIONS TO THE AGENDA

PRESENTATIONS

1. BNR Operation Lifesaver Safety Presentation

COMMENTS FROM THE PUBLIC: Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak. It is also requested that you complete a comment form for further contact.

COUNCILMEMBER COMMENTS

HEARINGS

STAFF REPORTS - Written Reports Submitted

CONSENT AGENDA: The following items are incorporated into the consent agenda and approved by a single motion of the Council.

1. **Approval of Vouchers**
2. **Approval of the Snohomish County On-call Service Contract**
3. **Confirmation of the Appointment of the City Clerk**

Upcoming Events

Tue, Aug 21, 2007
Planning Board Meeting
 (7:00pm)

Thu, Aug 23, 2007
Public Hearing - George 6-Plex
 (6:30pm)
City Council Meeting
 (7:00pm)

Mon, Sep 3, 2007
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 (7:00pm)

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Tue, Oct 16, 2007
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(7:00pm)

Tue, Nov 13, 2007
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(7:00pm)

Contact Us

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- 4. Approval of the Utility Committee Report

ACTION ITEMS:

- 1. Approval of TIB Grant Applications
- 2. FCS Contract Amendment - Sewer Rate Study
- 3. Stormwater Utility - Set Public Hearing
- 4. Sewer Rates - Set Public Hearing

DISCUSSION: Time Permitting

- 1. Developer Agreements

PUBLIC COMMENT ON AGENDA ITEMS ONLY

COUNCILMEMBER RESPONSE TO PUBLIC COMMENT ON AGENDA ITEMS

Executive Session: Potential Litigation and Personnel

Adjournment- 10:00 PM or at the conclusion of Council business.

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MD5 Checksums for attachments

B-13

**CITY OF SULTAN
PLANNING BOARD
NOTICE OF PUBLIC HEARING**

The City of Sultan Planning Board will conduct a Public Hearing on July 31, 2007 at 7:00 p.m., or soon thereafter, in the Council Chambers, located at City Hall, 319 Main Street, Sultan, Washington. At this time, public comments will be taken on the proposed increases to the Sewer General Facility Charge (GFC) and monthly rates. Copies of the Rate Study Update are available at City Hall and the city's web site. Written comments may be sent to the Director of Public Works at PO Box 1199, Sultan, WA 98294-1199, or e-mailed to connie.dunn@ci.sultan.wau.us. For further information or questions on the proposed revisions please call City Hall at 360-793-2231.

Publish July 27, 2007

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**SULTAN PLANNING BOARD MEETING
319 MAIN STREET**

July 31, 2007

7:00 PM CALL TO ORDER - Pledge of Allegiance and Roll Call

Community Links

- [Citizen Comments](#)
- [Boys and Girls Club](#)
- [One-Stop Shopping for Flood Information](#)
- [Snohomish County Fire District #5](#)
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COMMENTS FROM THE PUBLIC: Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak. It is also requested that you complete a comment form for further contact.

CHANGES/ADDITIONS TO THE AGENDA

Public Hearing

1. Continuation of 6-Year Transportation Improvement Plan Public Hearing from July 17, 2007 Meeting
 - o Attachment 1
 - o Attachment 2
2. Sewer Rate Increase

COMMITTEE REPORTS AND STAFF PRESENTATIONS

1. Comprehensive Plan Supplemental EIS Schedule - Reid Shockey
2. Transportation Element Financial Chapter - Eric Ireland
3. Traffic Impact Fee Analysis Report - Eric Ireland

ACTION ITEMS:

1. Approval of the June 26, 2007 Minutes and Approval of the July 17, 2007 Minutes
2. Approval of 6-Year Transportation Improvement Plan
3. Approval of Sewer Rate Increase
4. Set Public Hearing for Adoption of Sultan School District #311 Capital Facilities Plan 2006-2011

DISCUSSION:

Upcoming Events

Tue, Aug 21, 2007
Planning Board Meeting
(7:00pm)

Thu, Aug 23, 2007
Public Hearing - George 6-Plex
(6:30pm)
City Council Meeting
(7:00pm)

Mon, Sep 3, 2007
CITY HALL CLOSED
Sun, Sep 9, 2007
CITY HALL CLOSED
Tue, Sep 11, 2007
Planning Board Meeting
(7:00pm)

Tue, Sep 25, 2007
Planning Board Meeting
(7:00pm)

Tue, Oct 2, 2007
Planning Board Meeting
(7:00pm)

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Tue, Oct 16, 2007
Planning Board Meeting
(7:00pm)

Tue, Nov 13, 2007
Planning Board Meeting
(7:00pm)

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PUBLIC COMMENT ON AGENDA ITEMS ONLY

PLANNING BOARD COMMENTS

Adjournment- 10:00 PM or at the conclusion of business.

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B-16

SULTAN PLANNING BOARD MEETING
319 MAIN STREET
July 31, 2007

The meeting was called to order at 7:04 p.m. by Chairperson Latimore

Planning Board members Present: Kurt Latimore, Sarah Davenport Smith, Charles Van Pelt, and Jeff Cofer; Absent: George Schmidt.

Staff Present: Community Development Director Rick Cisar, Public Works Director Connie Dunn, and Planning Commission Secretary Tami Pevey.

COMMENTS FROM THE PUBLIC:

None from the public.

CHANGES/ADDITIONS TO THE AGENDA

PB/M Latimore proposed to move forward the EIS schedule for Mr. Shockey to the top, ahead of the public hearing.

Comprehensive Plan Supplemental EIS Schedule - Reid Shockey

Reid Shockey advised the report will be available for public review on August 15th, for 45 days until October 1st to submit comments on the comp plan to include the supplemental environmental impact statement. An open house will be on August 29th. The planning board will have another opportunity to provide their final comments on EIS before the plan goes to the council in late October for adoption of the plan. On track and the issues with the hearings board have been addressed.

Public Hearing

Continuation of 6-Year Transportation Improvement Plan Public Hearing from July 17, 2007 Meeting

Connie Dunn, Public Works Director, presented the 2008 – 2013 TIP in an effort to have the planning board make a recommendation to the city council. Referred the board members to attachment A showing the changes; as well as attachment G

B-17

which was a requested addition. Although many projects were addressed thru public comments the only changed was the Cascade realignment where the language was removed referencing the fire department's concern about the project going through their property.

PB/M Latimore opened the floor to public comment.

Merlin Halvorsen, Snohomish County Fire District 5 – Again reiterating opposition to a road going through their property in reference to the Cascade Road realignment. Looking for clarification on the planning board's decision to clarify if their problem is in fact resolved.

PB/M Latimore opened the floor to planning board questions.

PB/M Van Pelt – is it correct that 330th wouldn't cross.

Connie Dunn, Public Works Director – Yes, it wouldn't cross, but to find another way that would not disturb the fire department's property; considering moving the road east or west so as not to affect it.

PB/M Van Pelt – other property owners wouldn't be happy either.

Connie Dunn – recognize you can't make everyone happy; however there is a need for a traffic flow connector from the east end of Cascade View to US 2.

PB/M Cofer – omitting the language to include 330th specifically; at some point there would need to be a realignment of Cascade View Drive to intersect with Hwy 2. We know we need to do this, we just don't know where.

Connie Dunn – Correct; we're leaving it open on where a street would connect coming up off the east end of Cascade View Drive.

Rick Cisar – Referred the board members with the road going up to the airport, part of the development requirements is vehicle access for the fire department, but as you go north and get to the bottom of the hill they would move the road east; that would be our north south collector. In connection with that there would be an east/west connector going east/west in the industrial park.

PB/M Van Pelt – when it's developed people would be able to come down to Hwy 2?

Rick Cisar – Initially walking, but at some point in the future driving down to US 2 with a bus stop.

PB/M Van Pelt – What timeframe are we looking at?

Rick Cisar – development driven; and sewer capacity is pending. From the top of the hill it will be a paved section, then halfway down the hill the road would change to an impervious surface due to drainage issues.

PB/M Latimore – with the existing language as it is now, if the fire district put forth permit applications would they have to dedicate property for it.

Rick Cisar – would be looking at a binding site plan; probably not because the plan isn't really showing that designation.

PB/M Latimore – Perhaps useful later for the fire department and suggest an inclusion to disallow the use.

Rick Cisar – It all depends on which comes first.

Merlin Halvorson – we seem not to get any clear statements. The question is will the fire department be required to designate property for this element? No clear yes or no yet. They would like to be allowed to do their plan of the building first before being included in that plan.

Steven Fox, Fire Commission Chair – Has been working with the city planning and the council to address their concerns. The planning commission seems to be willing to delete the specific reference to 330th. He presented a topographical map of the area to the board members; Cascade View Drive on the eastern end stops because the slopes run steeply down to the stream. When asked to move the road to the east but see no point due to the geography. Thereby it again forces the road to come back to its original intent. Would like to have it explicitly state that our property at 33021 Cascade View Drive be removed from this proposal; Have asked Mr. Cisar and the city council twice, but no answers back.

On a motion by PB/M Van Pelt, seconded by PB/M Cofer to close the public portion of the public hearing; All in agreement.

PB/M Latimore – in the past comp plan efforts have there been specific parcel references.

Rick Cisar – not that he is aware of.

PB/M Latimore – Is aware the emergency plan is to move services outside of the flood plain; any reference documents of the comp plan that currently acknowledge that site as an emergency site for the fire district?

Rick Cisar – No; water/sewer gives an easement across the property for that purpose.

PB/M Latimore – Current zoning is Highway Development?

Rick Cisar – Yes.

PB/M Latimore – I believe it's our intent not to put a roadway through the fire district's property; any precedent for how that language would be established?

Rick Cisar – Language as far as the corridor alignment so that it doesn't impact that specific parcel; he can have the city attorney clarify or modify that language if that is your desire.

PB/M Van Pelt – make a motion to not have a road put thru there and recommend that to the city council?

PB/M Latimore – by a resolution, or how would we do that?

Rick Cisar – additional motion; motion on overall TIP and then add an additional motion to include addressing the fire department's property.

PB/M Latimore – the transportation element map; is it appropriate to indicate that area on that map? It may be useful in recognizing the cohesiveness of that area.

Rick Cisar – could describe it as being west of that intersection.

PB/M Davenport Smith – When the valuation was done on the rating of projects, was that by staff or a council committee?

Connie Dunn – staff

PB/M Davenport Smith – concerned about the Dyer/Skywall connection; went down and looked at it in person and Mr. Gibson showed her around in person and also explained where the major flooding happens; Skywall neighborhood is more in danger of flooding; however Dyer flooding issue can be taken care of by the storm water project. Skywall area floods so they couldn't get out to access the T28 area and she is not convinced it is a good emergency access route period; thereby feeling it is an irrelevant project.

Rick Cisar – In case of an emergency it would provide two points of access for the Dyer neighborhood. Would be development driven in the event it is necessary. Easement wouldn't allow thru traffic, just emergency access due to flooding or a train wreck.

PB/M Latimore – The TIP putting forth doesn't include either of the two projects addressed, correct?

Rick Cisar – also would be a 45 day window for public comment beyond this point.

A motion was made by PB/M Latimore to put forth this TIP as proposed to the city council with the addition of an indication on the map recognizing the fire district property with the intent of designating that as a cohesive part of land not intended to be included in a right of way.

PB/M Van Pelt – with no intention of a roadway going through that property.

Rick Cisar – any roadway alignment going through.

Connie Dunn - Shall not have a roadway having a negative impact going across this property.

PB/M Van Pelt seconded the motion; All in agreement.

Sewer Rate Increase

PB/M Latimore opened the public hearing at approximately 7:45 p.m. No objections from public to board members present; no objections from board members about their presence.

Connie Dunn presented the background information and introduced Angie Sanchez from FCS Group to present a highlight of the presentation presented on July 17th.

Angie Sanchez presented the rate study update as presented in the agenda packet. Proposed revised methodology would be to update the GFC each year to include future capital approved within the budget year; referenced page 6 and the future calculation examples that shows this updated methodology proposed. Charges are really based on growth projections and estimates were updated to match other current city plans and their estimated growth projections. Page 9 references the projection of an annual rate adjustment being recommended; and it shows there would need to be a rate adjustment each year from 2008 – 2010 to meet the debt service requirements. A rate adjustment would be in addition to the existing adopted rate increases of 3.85% as of 12/1/2007, and 3.7% on 12/1/2008. Angie Sanchez referenced Option 2 and pointed out the significant debt requirements as well as the length of time in order to meet the cash flow needs if this option was chosen. The rate impact is so great in Option 2 the feeling is that the city could not accomplish it without assistance from community stakeholders; presented developer contribution options that could be pursued. Also a question in this option on whether or not the city could meet the debt service coverage requirements.

PB/M Latimore opened the floor to public comment.

Hearing none; Motion by PB/M Van Pelt, seconded by PB/M Davenport Smith to close the public hearing; All in agreement.

PB/M Van Pelt – typical 2007 rate?

Angie Sanchez – additional is \$2.70 the first year; \$2.20 the second year.

PB/M Van Pelt – takes place the first of January.

Connie Dunn – effective 12/1/2007, so will be on the January 1st bill.

PB/M Davenport Smith – the 5% increase is in addition to the 3.5% and 3.7% already in place; are we really asking the rate payers to increase the bill by 8.5%?

Angie Sanchez – yes, it would be.

PB/M Latimore – What is the likelihood of developer's response?

Rick Cisar – trying to set up meetings; a few have expressed an interest in the system.

Angie Sanchez – At the first public meeting there appeared to be developer interest; It is more tangible now and there are guidelines in terms of the magnitude so it should help improve communications.

PB/M Van Peit – all dealing with waste water, not storm water?

Connie Dunn – will not change storm water utility rates; have taken that all into consideration.

PB/M Latimore – Option 1 pg 9, net cash flow after rate increase has dipped into the negative.

Angie Sanchez – correct.

PB/M Latimore – the general fund would have to fund the difference?

Angie Sanchez – the sewer fund; revenue from rates generated a reserve that will take and cover the deficiency in 2008.

PB/M Davenport Smith – the developer contributions; this is scheduled to go to city council August 9th.

Connie Dunn – August 21st first reading; September 14th is the second reading of the ordinance.

PB/M Davenport Smith – Is there a push for staff or committees to meet with the developer groups to get a better potential?

Connie Dunn – Yes, August 9th meeting would have a discussion so a decision could be made to have staff move forward on getting commitments.

Rick Cisar – recommended in motion to increase the rates based on the study; recommend expanding to include developer contributions.

PB/M Latimore – putting forth option 1, while recommending they pursue option 2 as an alternative?

Connie Dunn – accepting the entire rate study and recommending that the council work from there.

PB/M Davenport Smith – how do we compare with other cities in terms of our rates?

Angie Sanchez – Can come back with and provide it as a comparison, however, probably in the middle. Carnation estimated at \$80/\$85 dollars. Sultan definitely not the highest; however once Sultan bridges the gap between the current cash flow and generate the development; the build it and they will come theory, but Sultan doesn't have the money to build it and we need to find out how to meet our financial requirements to accomplish that.

PB/M Davenport Smith – in relation to business owners; they pay per ERU for connection, but a monthly fee is calculated differently.

Connie Dunn – calculated on their water usage; charged for overage on water, also charged on sewer.

Angie Sanchez – many times people like to have it based on volume as have more control.

PB/M Latimore – plan seems in accordance with sewer plan discussed earlier, population forecast, and is a necessary increase. On a motion by PB/M Latimore, seconded by PB/M Van Pelt the planning board recommended to the City Council the increases in the sewer general facility charge and rates as recommended by Financial Consulting Solutions Group (FCS) Inc. in order to fund the Wastewater Treatment Plant upgrade; All in agreement.

COMMITTEE REPORTS AND STAFF PRESENTATIONS

Transportation Element Financial Chapter - Eric Ireland

Eric Ireland presented the Transportation Element Financial Chapter 7 that is now complete; He gave a background on why this chapter and the entire transportation element is necessary. The current financial picture shows that the city will have a transportation funding shortfall of \$16 million between now and 2025. He gave ways to handle the funding in balance and further advised the board that there has been no adjustment to traffic impact fee rates since 1995 when the transportation element was implemented; it is recommended to increase the traffic fee impact rate to \$7,021 for additional PM peak hour trips generated by development.

PB/M Latimore – the recommended increase from 1,837 to between 7,000 and 13,000 is for PM peak.

Eric Ireland – That is per PM peak trip generated from new proposed development.

PB/M Latimore – new single family residential homes; how many PM Peak trips per home, two?

Eric Ireland – 1.02 trips in the PM generated from a single family unit.

PB/M Latimore – So that essentially would translate to 7 to 13,000 per residential unit.

Eric Ireland – based on the traffic impact fee rate report, yes; folded back into the transportation element to an increase the rate to \$7,021 for PM peak trips. What you see in the impact fee rate report is a range based on the city ordinance for calculating that rate.

PB/M Van Pelt – that fee is paid at the time the house is built.

Rick Cisar – paid at the time of the building permit.

Eric Ireland – That rate applies not only to residential development, but commercial development and the impact fee is calculated from that.

Traffic Impact Fee Analysis Report - Eric Ireland

Eric Ireland gave a description of the traffic impact fee as described based on RCW 82.02.050 and the designated criteria for use of the funds. The impact fee report gives an updated impact fee rate based on the new information provided in the draft transportation element. The rate calculated to just over \$12,000 for additional pm peak trips. Transportation grant revenue forecasts were included in the report as an average 15% minimum. A survey of 14 cities around Puget Sound is included in the report as a comparison. Inflation indexing also considered and realized that the current rate has lost over 40% of its purchasing power. With all of these issues combined the city now has a clear picture of the funding needed to complete the projects on the transportation list through the year 2025.

Rick Cisar asked Eric Ireland to explain how the traffic impact fee credit program might work.

Eric Ireland described the methodology to create an adjustment for commercial type developments to be granted as a credit based on the property tax it would generate after being developed. Referenced page 3 of the agenda packet and referenced SMC 16.112.050 which grants the ability to give a credit and how to accomplish the credit amount in reference to impact fees.

PB/M Latimore – someone proposing intensive retail such as a supermarket that would generate high PM peak trips; that would be someone where this credit would be granted.

Eric Ireland and Rick Cisar in agreement.

PB/M Van Pelt – Is there any way that the city can collect from the county due to county folks coming through the city.

Rick Cisar – considered and have received some funds from a developer in the county.

Connie Dunn – yes.

Rick Cisar - We could receive some additional credits and requested Eric Ireland to explain.

Eric Ireland – The way the impact fee rate is calculated on the forecasted cost of growth related transportation and transportation projects; a local urban access roadway is not a growth related cost, it just provides basic access to property. A growth related cost is one that provides a city wide benefit, such as a bike path; as well as a project located on a transit route such as a bus stop. If a developer came in and built the street to a minor arterial standard, the cost to provide improvements would be costs that would be credited to the traffic impact fee that the developer would be required to pay. Referenced the 3rd street project and the element of a bike path would create a way for impact fees to fund that part of the project.

PB/M Latimore – were you surprised at 7,000?

Eric Ireland – the total cost of projects recommended in the plan is significant because most of the area has no roadways or county roadways not even built to county standards. Above the average, but the rate hasn't been adjusted in years so wasn't too surprised when it was mapped out.

Rick Cisar – is it your recommendation that we consider an annual update as allowed by our current ordinance?

Eric Ireland – because it does allow it, yes, because you want to be able to make sure you are adjusting for inflation and not losing potential money you could be collecting.

Rick Cisar – same situation occurred with the sewer fund and the park fund.

Eric Ireland – it is good to do incremental adjustments as they are easier than a significant rate increase.

PB/M Davenport Smith – if it is already in our ordinance that we can adjust for inflation, why haven't we?

Rick Cisar – presented to council several years ago, but they took no action to increase the fee.

PB/M Davenport Smith – inflation based on construction costs or consumer inflation?

Rick Cisar – construction costs; conducted a study similar to Eric in 2000 and the fee went up substantially which caused concern to the council.

PB/M Davenport Smith – With our storm water utility we decided to not put the fee in the ordinance and have it separate in the fee schedule, is that a better idea for this, or does the ordinance allow sufficiently?

Rick Cisar – will go back and modify the ordinance to make sure it does allow an annual increase and adopt it into our fee schedule.

PB/M Cofer – That equates to an LOS level of what?

Eric Ireland – Moving from LOS B to LOS D.

PB/M Cofer – and this number represents us operating under LOS D.

Eric Ireland – LOS standard D for traffic, yes.

PB/M Latimore – the road standards that we have that the estimates are based on, would you consider them typical?

Eric Ireland – I don't believe so; the language is pretty standard and having sidewalks on both sides is something this community seems to want in their projects.

PB/M Latimore – do you know anything about the Sammamish number and how they arrived at their figure?

Eric Ireland – do not know; many different ways to calculate the fees. RCW specifies there needs to be a connection, felt this was the fairest way to calculate the impact fee rate.

PB/M Latimore – will move on to public comment?

Eric Ireland – yes, this section is complete and will fold it into the plan that will be open to public for review in August. Complimented the city on their public involvement and the number of public meetings that have been held in regards to this issue.

PB/M Davenport Smith – You're going to update table 8 with the recommendations we made tonight in regards to the references to the transportation projects.

Rick Cisar & Eric Ireland – yes.

PB/M Davenport Smith – When we improve roadways to include bus stops; how does that work with Community Transit, do they chip in a portion of that or does the city impact fees cover that?

Rick Cisar – haven't developed one; when we do will provide that to Community Transit and will have the developer take care of that.

Eric Ireland – pretty simple; just a bench and a shelter and CT has a warehouse of those.

Connie Dunn – deceleration and acceleration is very rough on the concrete, so the city provides a concrete pad for them to start and stop on. CT agrees to those, but they haven't contributed to those.

PB/M Davenport Smith – they've never contributed to communities?

Connie Dunn – asked, but only contribute shelters and benches.

Rick Cisar – will be our first real push to have them provide service on the Sultan Basin Road. Staff wise there is a lot of activity going on up there and it needs to have service there.

ACTION ITEMS:

Approval of the June 26, 2007 Minutes

Connie Dunn – correction on pg 1, opening line under committee reports; he did not present the TIP, presented the Transportation Element.

PB/M Cofer – pg 6, paragraph 6, spoke with Fire Chief Halverson.

On a motion by PB/M Van Pelt, seconded by PB/M Davenport Smith the minutes were approved with the changes recommended; All in agreement.

Approval of the July 17, 2007 Minutes

On a motion by PB/M Daveport Smith, seconded by PB/M Van Pelt the minutes were approved; All in agreement, except for PB/M Cofer who abstained as he was not present at the meeting.

Set Public Hearing for Adoption of Sultan School District #311 Capital Facilities Plan 2006-2011

Rick Cisar discussed the city has been in conversation with the school district in regards to their capital facilities plan; he referenced the last page of the school capital facility plan for the final fee that is being recommended; gave the current fee and the recommendation as referenced. The city collects the fees on behalf of the school district and transfer the fees on a quarterly basis. We collect a \$35 fee for performing this task. The public hearing is set to August 7, 2007 at the next meeting.

PB/M Latimore – don't need a motion for that?

Rick Cisar – already advertised. Advised a copy was sent to the board members early on for their review and asked them to review the fees to ensure our capital facility fee and the school's facility fee match.

PUBLIC COMMENT ON AGENDA ITEMS ONLY

No public comment.

PLANNING BOARD COMMENTS

PB/M Davenport Smith – while at the last council meeting, lawyer for Sky Ridge Development brought a letter to council and staff that the Sky Ridge developers are willing to help out the city financial with future updates; requesting staff provide copies of the letter to the board. Congratulated Eric and Angie for their expertise and hard work.

PB/M Van Pelt – thanked the staff and consultants for coming to talk to us; feels is a heavy load and feels like every time he turns around there is a rate increase; understands wasn't done in the past and is needed.

PB/M Cofer – echoed previous comments to Eric; legible, easy to understand; first look at sewer rate study and as major ERU stakeholder sighs from the burden of an increase; see all these fees coming simultaneously and is a tough pill to swallow. Concerned and all seems high even though we are in the range; look forward to the value in these investments even though it's hard to see since nothing seems to be happening.

Rick Cisar – getting close and explained the progress on several developments and the hold up's they face with various organizations outside of the City.

PB/M Cofer – My understanding is we are treading water until these projects take place; in the meantime the coffers are bare and we are going after people for the almighty dollar.

Rick Cisar – informed the board on some of the things they are to expect at their upcoming meetings.

PB/M Latimore – PB/M Schmidt let us know ahead of time he would be absent so his absence is excused. PB/M Davenport Smith noted she will be gone on August 7th.

Adjournment

On a motion by PB/M Van Pelt, seconded by PB/M Davenport Smith the meeting was adjourned; All in agreement. Planning Board meeting ended at 9:08 p.m.

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**SULTAN CITY COUNCIL MEETING
319 MAIN STREET**

August 9th, 2007

Community Links

- [Citizen Comments](#)
- [Boys and Girls Club](#)
- [One-Stop Shopping for Flood Information](#)
- [Snohomish County Fire District #5](#)
- [Sultan Public Library](#)
- [Sultan Municipal Code](#)
- [Sultan School District](#)
- [Sultan Police](#)
- [Snohomish County](#)
- [More...](#)

- 6:00 PM [Public Hearing - Storm Water Utility Formation](#)
- 6:00 PM [Public Hearing - Sewer Rates/General Facility Charges Increases](#)
- 7:00 PM **CALL TO ORDER** - Pledge of Allegiance and Roll Call

CHANGES/ADDITIONS TO THE AGENDA

PRESENTATIONS

COMMENTS FROM THE PUBLIC: Citizens are requested to keep comments to a 3 minute maximum to allow time for everyone to speak. It is also requested that you complete a comment form for further contact.

Upcoming Events

Tue, Aug 21, 2007
Planning Board Meeting
(7:00pm)

Thu, Aug 23, 2007
Public Hearing - George 6-Plex
(6:30pm)
City Council Meeting
(7:00pm)

Mon, Sep 3, 2007
CITY HALL CLOSED
Sun, Sep 9, 2007
CITY HALL CLOSED
Tue, Sep 11, 2007
Planning Board Meeting
(7:00pm)

Tue, Sep 25, 2007
Planning Board Meeting
(7:00pm)

Tue, Oct 2, 2007
Planning Board Meeting
(7:00pm)

COUNCILMEMBER COMMENTS

HEARINGS

STAFF REPORTS - Written Reports Submitted

CONSENT AGENDA: The following items are incorporated into the consent agenda and approved by a single motion of the Council.

1. [Approval of the July 26th 2007 Council Meeting Minutes](#)
2. [Approval of the July 26th 2007 Budget Public Hearing Minutes](#)
3. [Approval of the July 26th 2007 Transportation Improvement Program Public Hearing Minutes](#)
4. [Approval of Vouchers](#)
5. [Special Event Permit](#)

ACTION ITEMS:

Tue, Oct 16, 2007
Planning Board Meeting
(7:00pm)

Tue, Nov 13, 2007
Planning Board Meeting
(7:00pm)

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1. **Resolution 07-14 Transportation Improvement Program**
 - o **Attachment 1**
2. **Chief of Police Hiring Process**
3. **Ordinance 954-07-07 2007 Budget Amendment**
4. **AJ's Place - Request for Extension**
5. **Resolution 07-17 - Open Space Dedication**
6. **Resolution 07-16 - Steen Final Plat**
7. **2007 Watershed Thinning Contract**

DISCUSSION: Time Permitting

1. **No Parking Zones**
2. **Developer Agreements**

PUBLIC COMMENT ON AGENDA ITEMS ONLY

COUNCILMEMBER RESPONSE TO PUBLIC COMMENT ON AGENDA ITEMS

Executive Session: Potential Litigation and Personnel

Adjournment- 10:00 PM or at the conclusion of Council business.

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MD5 Checksums for attachments

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SULTAN CITY COUNCIL

AGENDA ITEM COVER SHEET

ITEM NO: Consent C 4

DATE: August 23, 2007

SUBJECT: Council Minutes

CONTACT PERSON: Laura Koenig, City Clerk

SUMMARY: Attached are the minutes of the August 9, 2007 Public Hearing on the Sewer Rate and General Facility Charge Increases as on file in the office of the City Clerk.

RECOMMENDED ACTION: Approve as submitted.

MOTION: Move to accept the consent agenda as presented.

COUNCIL ACTION:

DATE:

CITY OF SULTAN PUBLIC HEARING – August 9, 2007

The Public Hearing on the Sewer Rates and General Facility Charge Increase was called to order in the Sultan Community Center by Mayor Pro Tem Seehuus. Councilmembers present: Wiediger, Slawson, Flower, Blair, and Champeaux

Staff Report: Connie Dunn introduced Angie Sanchez Virnoche from FCS who gave a presentation on the work done to develop the sewer rates and general facility charges.

Several workshops, presentations and public information formats have been used to advise the rate payers and users of the proposed increases to the monthly rates and general facility charges. The calculations are based on the costs to operate the system, short term capital improvements and long term capital improvements. The proposal is to make the monthly rate increase effective in January 2008 and to increase the general facility charge in September 2007 and again in January 2008.

The City will need to look at funding options for the wastewater treatment plant expansion which may include bonding, loans and developer contributions.

Public Input

Rusty Drisvisten: Has worked with the City for many years and he is excited to see things moving forward with the UGA expansion and Comprehensive Plan. People don't realize all the achievements the City has made because they only hear about and see the negative things. The City needs to partner with the developers to move forward with annexations and the sewer plant expansion funding and bringing the Comp Plan into compliance. The Councilmembers are the policy makers and they need to look at the code requirements. The code requires commercial development before residential and that is not the way the business world works – they need rooftops. Development from the inter area outward is not logical. The transit issue needs to be resolved for developments. There are several developers that would like to hire a land use consultant to assist the City develop short and long term scopes of work to fix the Comp Plan problems.

Jeff Mackley: He works for PACE Consultants and they have projects in the area that are on hold because of the need for sewers. The City needs money to expand the sewer plant and he would like to see the City use developer agreements so they can move forward with their project. The City would save money on interest payments and the developer could move forward.

Josie Fallgatter: In regards to the sewer general facility charge, she encouraged them to charge whatever it costs to develop the sewers. The project is better for the environment and as a property owner she knows that she will be required to pay and connect to the sewer system in the future.

Council:

Blair: The Comp Plan update process has been slow and there are still issues to address. Developer Agreements are a way to assist the City and a public/private partnership is a way to provide service. The City needs available sewer connections in order to annex property. The City has approached the State for assistance with funding for the sewer plant. There is a need for rooftops to promote commercial growth, however, the sewer expansion is the first need.

On a motion by Councilmember Slawson, seconded by Councilmember Flower, the public hearing was closed. All ayes.

John Seehuus, Mayor Pro-tem

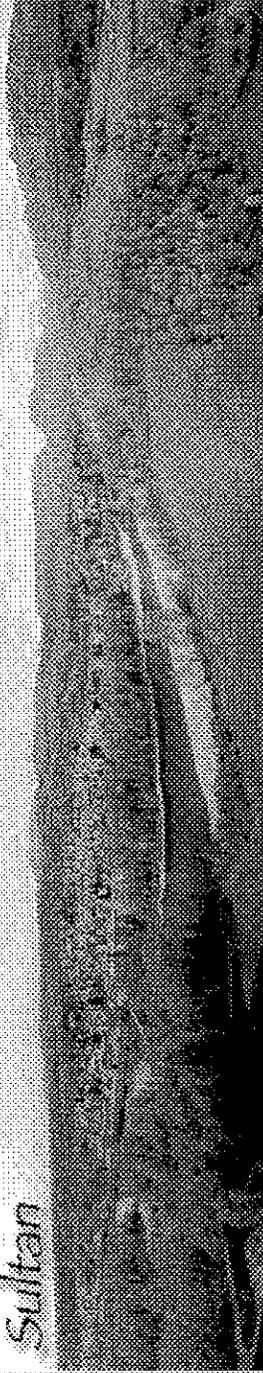
Laura J. Koenig, City Clerk

B-35

City of Sultan, Washington

**City Council
Public Hearing**

*The City of
Sultan*



**Presentation of the
Sewer Utility Rate Study Update**

August 9, 2007



8201 - 164th Ave. NE, Suite 300, Redmond, WA 98052 ■ 425-867-1802

Discussion Topics

- Progress to Date
- Discuss Revised General Facility Charge (GFC)
- Discuss Financial/Rate Impacts of WWTP Short-term Improvements –Capacity to 2,260 ERUs
- Discuss Financial/Rate Impacts of WWTP Phase I Projects –Capacity to 3,537 ERUs

Progress to Date

- May 10, 2007
 - ✓ Presented preliminary findings to City Council
 - ✓ Feedback and comments provided
- July 17, 2007
 - ✓ Met separately with Utility Board and Planning Board to present updates from May 10
- July 31, 2007
 - ✓ Planning Board public hearing

General Facility Charge (GFC) Elements

- One time charge imposed on new development to promote equity between existing and new customers
- Current City Methodology
 - ✓ Includes only existing assets (interceptors, laterals, treatment)
 - ✓ Maximum 10 years of interest to existing assets allowed
 - ✓ Deduct grant contributions
 - ✓ Does not include future facilities
- Proposed revised methodology: Update GFC each year to include future capital approved within the budget year
- Short term capital improvements include capacity for 2,260 ERUs, WWTP Phase I includes capacity for 3,537 ERUs

Summary of 2007-2013 Capital Costs

Project	Cost (2006\$)	Year	Upgrade/ Expansion	Renewal/ Replcmt	2007	2008	2009	2010	2011	2012	2013
WWTP 2007 Portion (B&C)	\$1,500,000	2007	75.00%	25.00%	\$1,552,500						
Annual I&I Rehab	\$150,000	2007	0.00%	100.00%	\$155,250						
WWTP 2008 Portion (B&C)	\$3,471,100	2008	75.00%	25.00%		\$3,718,329					
River Crossing	\$250,000	2008	50.00%	50.00%		\$267,806					
First Ave Extension	\$800,000	2008	60.00%	40.00%		\$856,980					
Annual I&I Rehab	\$150,000	2008	0.00%	100.00%		\$160,684					
WWTP - MBR	\$3,471,100	2009	75.00%	25.00%			\$3,848,471				
Annual I&I Rehab	\$150,000	2009	0.00%	100.00%			\$166,308				
WWTP 2009 Portion (B&C)	\$5,767,800	2010	75.00%	25.00%				\$6,618,683			
Annual I&I Rehab	\$150,000	2010	0.00%	100.00%				\$172,128			
339th Ave SE	\$480,000	2010	100.00%	0.00%				\$550,811			
SE 132nd St	\$864,000	2010	100.00%	0.00%				\$991,460			
Trout Farm	\$864,000	2011	100.00%	0.00%				\$1,026,161			
Trout Farm	\$1,100,000	2011	100.00%	0.00%				\$1,306,455			
Annual I&I Rehab	\$150,000	2011	0.00%	100.00%				\$178,153			
4th Street	\$615,000	2012	0.00%	100.00%					\$755,992		
Annual I&I Rehab	\$150,000	2012	0.00%	100.00%					\$184,388		
7th Street	\$240,000	2013	100.00%	0.00%						\$305,347	
US 2 East	\$1,100,000	2013	50.00%	50.00%						\$1,399,507	
Annual I&I Rehab	\$150,000	2013	0.00%	100.00%						\$190,842	
Total	\$21,573,000				\$1,707,750	\$5,003,799	\$4,014,778	\$8,333,083	\$2,510,769	\$940,380	\$1,895,696
					<i>Total Escalated Construction Costs</i>						\$24,406,255

- 71% [\$17.3 million] of costs related to upgrade expansion
- 29% [\$7.1 million] of costs related to existing system renewal & replacement

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Example GFC Calculation for Future Years

Cost Basis	2007	2008	2009	2010	2011	2012	2013
Plant in Service							
Utility Capital Assets (beginning of year)	\$ 16,992,177	\$ 17,147,427	\$ 18,432,897	\$ 18,599,205	\$ 20,313,604	\$ 22,824,373	\$ 23,764,753
plus: Annual Additions	155,250	1,285,470	166,308	1,714,399	2,510,769	940,380	1,895,696
plus: Interest on Plant	5,070,008	5,441,216	5,696,054	5,937,148	6,255,101	6,685,616	7,158,290
Total Existing Cost Basis	\$ 22,217,435	\$ 23,874,113	\$ 24,295,259	\$ 26,250,752	\$ 29,079,474	\$ 30,450,369	\$ 32,818,739
WWTP							
Short Term Improvements							
plus: "Short Term Improvements"	\$ 1,552,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
plus: Interest on Short Term Improvements	-	69,601	139,202	208,803	278,405	348,006	417,607
Total Short Term Improvements Cost Basis	\$ 1,552,500	\$ 1,622,101	\$ 1,691,702	\$ 1,761,303	\$ 1,830,905	\$ 1,900,506	\$ 1,970,107
Phase 1							
plus: Phase 1 Additions	\$ -	\$ 3,718,329	\$ 3,848,471	\$ 6,618,683	\$ -	\$ -	\$ -
plus: Interest on Phase 1 Additions	-	-	166,699	505,931	1,141,890	1,777,849	2,413,808
Total WWTP Basis	\$ -	\$ 3,718,329	\$ 7,733,499	\$ 8,072,731	\$ 8,708,690	\$ 9,344,649	\$ 9,980,607
Customer Base							
Existing Equivalent Residential Units	1,485	1,485	1,485	1,485	1,485	1,485	1,485
Future Equivalent Residential Units (Incremental)	775	775	775	775	775	775	775
Total "Existing Cost" Customer Base	2,260						
Short Term Improvements Cust Base	2,260	2,260	2,260	2,260	2,260	2,260	2,260
WWTP Customer Base	-	-	3,537	3,537	3,537	3,537	3,537
Total Charge per ERU	\$ 10,518	\$ 11,282	\$ 13,685	\$ 16,548	\$ 18,011	\$ 18,828	\$ 20,086
Total Charge per ERU, Existing Cost Basis	\$ 9,831	\$ 10,564	\$ 10,750	\$ 11,615	\$ 12,867	\$ 13,474	\$ 14,522
Total Charge per ERU, Short Term Imp	687	718	749	779	810	841	872
Total Charge per ERU, WWTP Phase 1	-	-	2,186	4,154	4,333	4,513	4,693

GFC based on full capital costs. Charge lower if eliminated WWTP Phase I projects

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GFC Growth and Revenues Estimates

- City provided growth rates - tie to development assumptions
 - ✓ Total of 764 additional ERUs within time period
 - ✓ Total anticipated revenue \$13.9 million

	2007	2008	2009	2010	2011	2012	2013	Total
Calculated Charge \$/ERU [1]	\$10,518	\$11,282	\$13,685	\$16,548	\$18,011	\$18,828	\$20,086	
Total ERUs	1,485	1,485	1,560	1,650	1,797	2,040	2,249	
Annual Growth	0	0	75	90	147	243	209	764
GFC Revenues [2]	\$50,000	\$0	\$1,026,383	\$1,489,352	\$2,647,558	\$4,575,152	\$4,198,044	\$13,986,490

[1] revised methodology used based on full capital (short term + WWTP Phase I projects)

[2] 2007 revenue number City provided based on actual and anticipated revenue received; not calculated

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Option 1: Financial/Rate Impacts Short Term Improvements (2,260 ERUs)

- Option includes:
 - ✓ 0.5 FTE added in 2009
 - ✓ \$45K - \$75K per year in additional power and chemical costs
 - ✓ Existing debt service plus new debt service
 - ✓ Additional debt
 - ◆ \$1.0 million PWTF - 5 year term
 - ◆ \$1.0 million PWTF - 20 year term
 - ◆ \$650K revenue bond in 2010 - 20 year term
 - ✓ Supports approximately \$6.9 million in capital projects
 - ✓ 45 days operating reserve met
 - ✓ \$200K capital contingency met
 - ✓ New customers assumed to begin paying retail sewer rates one (1) year after paying GFC
 - ✓ GFC incorporates new methodology - updated annually/ revenue split 60% debt and 40% capital

Option 1: Short Term Improvements Financial Summary

Revenue Requirements	2007	2008	2009	2010	2011	2012	2013
Revenues							
Rate Revenues Under Existing Rates [a]	\$ 901,555	\$ 966,557	\$ 1,023,681	\$ 1,073,170	\$ 1,134,082	\$ 1,234,371	\$ 1,405,123
Non-Rate Revenues	30,842	24,122	27,973	21,061	19,490	36,743	33,544
Total Revenues	\$ 932,397	\$ 990,679	\$ 1,051,654	\$ 1,094,231	\$ 1,153,572	\$ 1,271,113	\$ 1,438,668
Expenses							
Cash O&M Expenses	\$ 679,650	\$ 709,411	\$ 740,812	\$ 773,968	\$ 809,008	\$ 846,069	\$ 885,302
Additional WWTP O&M [b]	-	-	40,000	87,669	110,737	114,613	118,625
Rate Funded System Reinvestment	-	-	-	-	-	-	-
Existing Debt Service	290,909	244,294	242,560	240,825	239,091	237,357	123,640
New Debt Service PWTF	834	211,316	301,605	300,553	299,500	298,447	67,895
New Debt Service Revenue Bonds	-	-	-	52,766	52,766	52,766	52,766
Total Debt Service	291,743	455,610	544,165	594,144	591,357	588,570	244,301
less: GFC Revenues for Debt Service	(50,000)	-	(510,617)	(594,144)	(591,357)	(588,570)	(244,301)
Debt Service, Net	241,743	455,610	33,548	-	-	-	-
Total Expenses	\$ 921,393	\$ 1,165,021	\$ 814,359	\$ 861,637	\$ 919,745	\$ 960,683	\$ 1,003,927
Net Surplus (Deficiency) after Reserves	11,005	(174,342)	237,295	232,594	233,827	310,431	434,742
Required Rate Increase	0.00%	18.41%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Rate Adjustment	0.00%	5.00%	5.00%	5.00%	5.00%	4.00%	2.00%
Rate Revenues After Rate Increase	\$ 901,555	\$ 1,014,885	\$ 1,128,608	\$ 1,242,329	\$ 1,378,484	\$ 1,560,401	\$ 1,811,778
Additional Taxes from Rate Increase	-	986	2,103	3,410	4,941	6,601	6,818
Net Cash Flow After Rate Increase	\$ 11,005	\$ (127,000)	\$ 338,241	\$ 396,275	\$ 470,994	\$ 627,264	\$ 761,996
Average Residential Monthly Bill	\$ 52.00	\$ 56.70	\$ 61.74	\$ 64.83	\$ 68.07	\$ 70.79	\$ 72.21
Monthly Difference	-	4.70	5.04	3.09	3.24	2.72	1.42

[a] Projected rate revenues include approved rate increases in 12/1/2007 and 12/1/2008

[b] 1/2 FTE added in 2009 plus increased electric and chemical costs

Debt Service fully funded by new development GFC – no rate impact

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Option 1: Capital Funding/Fund Balance

Fund Balances	2007	2008	2009	2010	2011	2012	2013
Operating:							
Beginning Balance	\$ 104,678	\$ 470,183	\$ 575,376	\$ 367,055	\$ 308,857	\$ 779,851	\$ 651,123
Net Cash Flow after Rate Increase	11,005	(127,000)	338,241	396,275	470,994	627,284	761,996
Ending Balance	\$ 115,683	\$ 343,183	\$ 913,618	\$ 763,330	\$ 779,851	\$ 1,407,115	\$ 1,413,119
Less: Min. Operating Target (45 days O&M)	\$ 83,792	\$ 87,462	\$ 96,264	\$ 106,229	\$ 113,393	\$ 118,440	\$ 123,772
Balance Available for Capital	\$ 31,890	\$ 255,721	\$ 817,353	\$ 657,101	\$ 666,458	\$ 1,288,675	\$ 1,289,347
Plus: Other Capital Funding Resources							
Beginning Balance	\$ 562,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF Draws	1,500,000	500,000	-	-	-	-	-
General Facilities Charges (GFCs)	-	-	340,412	437,798	-	-	1,005,101
Developer Contributions	-	-	-	-	-	-	-
Revenue Bond Proceeds	-	-	-	-	-	-	-
Renewal & Replacement Funding	-	-	-	650,000	-	-	-
Total Capital Resources	\$ 2,094,141	\$ 755,721	\$ 1,157,765	\$ 1,744,899	\$ 666,458	\$ 1,288,675	\$ 2,294,447
Less: Capital Projects							
Growth Related Improvements/Expansions	\$ (1,164,375)	\$ (133,903)	\$ (532,185)	\$ (1,542,271)	\$ -	\$ -	\$ (1,005,101)
Renewal and Replacements	(543,375)	(133,903)	(354,790)	-	-	(755,992)	(699,754)
Total Capital Projects	\$ (1,707,750)	\$ (267,806)	\$ (886,974)	\$ (1,542,271)	\$ -	\$ (755,992)	\$ (1,704,854)
Ending Balance	\$ 386,391	\$ 487,915	\$ 270,790	\$ 202,628	\$ 666,458	\$ 532,683	\$ 589,593
Less: Min. Cap. Cont. Target Approx \$200K	\$ 200,000	\$ 200,000	\$ 200,000	\$ 201,132	\$ 201,132	\$ 208,238	\$ 238,578
Balance After Policies Funded	\$ 186,391	\$ 287,915	\$ 70,790	\$ 1,496	\$ 465,326	\$ 324,445	\$ 351,015
Debt Fund							
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ 62,553	\$ 560,294	\$ 1,860,479
Plus: GFC Revenue (plus interest)	50,000	-	510,617	656,697	1,089,099	1,888,755	1,789,550
Less: Transfer for Debt Service	(50,000)	-	(510,617)	(594,144)	(591,357)	(588,570)	(244,301)
Ending GFC Fund Balance	\$ -	\$ -	\$ -	\$ 62,553	\$ 560,294	\$ 1,860,479	\$ 3,405,728
GFC Fund							
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 724,606	\$ 1,996,064
Plus: GFC Revenues (plus interest)	50,000	-	851,029	1,094,495	1,811,516	3,140,603	2,943,917
Less: Transfer to Debt Fund	(50,000)	-	(510,617)	(656,697)	(1,086,909)	(1,869,145)	(1,724,433)
Less: Transfer for Capital Funding	-	-	(340,412)	(437,798)	-	-	(1,005,101)
Ending GFC Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 724,606	\$ 1,996,064	\$ 2,210,448

Notes: Beginning balance calculated by taking operating fund minimum plus ending balance
 GFC Revenues split 60% Debt, 40% Capital Projects based on historical use and discussion with client staff.

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Option 1: Short Term Improvements Conclusions

- Propose moving forward with monthly rate adjustments discussed May 10**
 - ✓ 5% for 2008,
 - ✓ 5% in 2009 and
 - ✓ 5% in 2010
 - ✓ Revisit rates during 2010 for future period
 - ◆ Future assumptions more firm: debt service, capital costs, GFC revenue and growth
 - ✓ Incorporate new GFC methodology
 - ◆ 9/1/2007 = \$10,518/ERU
 - ◆ 1/1/2008 = \$11,282/ERU

** in addition to existing adopted rates 12/1/2007 = 3.85% and 12/1/2008 = 3.7%

Option 2: Financial/Rate Impacts WWTP Phase I Expansion (3,537 ERUs)

Option Includes:

- **Additional FTEs incorporated in future years**
 - ✓ 1 FTE added in 2009, 3 added in 2010, and 1 in 2011
 - ✓ Costs of additional FTEs include labor and benefits of \$80,000 per FTE, per year
- **Additional O&M cost of \$296K to \$581K per year**
 - ✓ Includes power costs/chemicals/solids disposal/office supplies/insurance/permits/taxes
- **Additional \$17.5 million in capital projects**
- **Additional debt**
 - ✓ \$9.5 million revenue bond in 2008
 - ✓ \$10 million PWTF loan in 2010
 - ✓ \$2.5 million revenue bond in 2012
- **GFC revenue allocation remains unchanged throughout study period**
 - ✓ 60% debt – 40% capital project expense

Option 2: WWTP Phase I Financial Summary

Revenue Requirements	2007	2008	2009	2010	2011	2012	2013
Revenues							
Rate Revenues Under Existing Rates [a]	\$ 901,555	\$ 966,557	\$ 1,023,681	\$ 1,073,170	\$ 1,134,082	\$ 1,234,371	\$ 1,405,123
Non-Rate Revenues	30,842	24,122	167,722	33,973	87,672	13,429	61,462
Total Revenues	\$ 932,397	\$ 990,679	\$ 1,191,402	\$ 1,107,143	\$ 1,221,754	\$ 1,247,799	\$ 1,466,586
Expenses							
Cash O&M Expenses	\$ 679,650	\$ 709,411	\$ 740,812	\$ 773,968	\$ 809,008	\$ 846,069	\$ 885,302
Additional WWTP O&M [b]	-	-	80,000	619,620	893,758	957,816	1,024,923
Rate Funded System Reinvestment	-	-	-	-	-	-	-
Existing Debt Service	290,909	244,294	242,560	240,825	239,091	237,357	233,640
New Debt Service - PWTF	834	211,316	301,605	500,553	1,025,816	1,014,237	773,158
New Debt Service - Revenue Bond	-	771,197	771,197	771,197	771,197	974,143	974,143
Total Debt Service	291,743	226,806	1,315,362	1,512,575	2,036,104	2,225,737	1,870,941
less: GFC Revenues for Debt Service	(50,000)	-	(615,830)	(893,611)	(1,588,535)	(2,225,737)	(1,870,941)
Debt Service, Net	241,743	1,226,806	699,532	618,964	447,569	-	-
Total Expenses	\$ 921,393	\$ 1,936,218	\$ 1,520,343	\$ 2,012,552	\$ 2,150,335	\$ 1,803,885	\$ 1,910,225
Net Surplus (Deficiency) after Reserves	11,005	(945,538)	(328,941)	(905,409)	(928,581)	(556,085)	(443,638)
Annual Rate Adjustment	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rate Revenues After Rate Increase	\$ 901,555	\$ 1,014,885	\$ 1,128,608	\$ 1,242,329	\$ 1,378,484	\$ 1,575,405	\$ 1,882,999
Additional Taxes from Rate Increase	-	986	2,103	3,410	4,941	6,907	7,862
Net Cash Flow After Rate Increase	\$ 11,005	\$ (898,197)	\$ (227,994)	\$ (741,728)	\$ (691,414)	\$ (224,579)	\$ (66,276)
Average Residential Monthly Bill	\$ 52.00	\$ 56.70	\$ 61.74	\$ 64.83	\$ 68.07	\$ 71.47	\$ 75.05
Monthly Difference	-	4.70	5.04	3.09	3.24	3.40	3.57

[a] Projected rate revenues include approved rate increases in 12/1/2007 and 12/1/2008
 [b] 1 FTE added in 2009, 3 added in 2010, 1 additional in 2011 plus increased operations expenses

**Significant cash flow deficiency due to
new revenue bond
Debt service coverage not met in 2008**

**2012/2013 Debt Service fully funded by
new development GFC - no rate impact**

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Option 2: Capital Funding/Fund Balance

Fund Balances	2007	2008	2009	2010	2011	2012	2013
Operating:							
Beginning Balance	\$ 104,678	\$ 470,183	\$ 4,996,201	\$ 1,163,982	\$ 2,684,912	\$ 541,752	\$ 1,876,793
Net Cash Flow after Rate Increase	11,005	(898,197)	(227,994)	(741,728)	(691,414)	(224,579)	(66,276)
Ending Balance	\$ 115,683	\$ (428,014)	\$ 4,768,206	\$ 422,254	\$ 1,993,498	\$ 317,173	\$ 1,810,517
Less: Min. Operating Target (45 days O&M)	\$ 83,792	\$ 87,462	\$ 101,196	\$ 171,812	\$ 209,930	\$ 222,397	\$ 235,507
Balance Available for Capital	\$ 31,890	\$ -	\$ 4,667,011	\$ 250,441	\$ 1,783,568	\$ 94,776	\$ 1,575,010
Plus: Other Capital Funding Resources							
Beginning Balance	\$ 562,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PWTF Draws	1,500,000	500,000	10,000,000	10,000,000	-	-	-
General Facilities Charges (GFCs)	-	-	410,553	595,741	1,059,023	-	1,005,101
Developer Contributions	-	-	-	-	-	-	-
Revenue Bond Proceeds	-	-	-	-	-	-	-
Renewal & Replacement Funding	-	-	-	-	-	-	-
Total Capital Resources	\$ 2,094,141	\$ 10,000,000	\$ 5,077,564	\$ 10,846,182	\$ 2,842,591	\$ 2,594,776	\$ 2,580,110
Less: Capital Projects							
Growth Related Improvements/Expansions	\$ (1,164,375)	\$ (3,436,838)	\$ (2,886,353)	\$ (6,506,283)	\$ (2,332,616)	\$ -	\$ (1,005,101)
Renewal and Replacements	(543,375)	(1,566,961)	(1,128,425)	(1,826,799)	(178,153)	(940,380)	(890,595)
Total Capital Projects	\$ (1,707,750)	\$ (5,003,799)	\$ (4,014,778)	\$ (8,333,083)	\$ (2,510,769)	\$ (940,380)	\$ (1,895,696)
Ending Balance	\$ 386,391	\$ 4,996,201	\$ 1,062,786	\$ 2,513,099	\$ 331,822	\$ 1,654,396	\$ 684,414
Less: Min. Cap. Cont. \$500K target	\$ 373,999	\$ 474,075	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Balance After Policies Funded	\$ 12,392	\$ 4,522,126	\$ 562,786	\$ 2,013,099	\$ (168,178)	\$ 1,154,396	\$ 184,414
Sewer Debt Fund							
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,354
Plus: GFC Revenue (plus interest)	50,000	-	615,830	893,611	1,588,535	2,745,091	2,537,004
Less: Transfer for Debt Service	(50,000)	-	(615,830)	(893,611)	(1,588,535)	(2,225,737)	(1,870,941)
Ending GFC Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519,354	\$ 1,185,418
GFC Fund							
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,061
Plus: GFC Revenues (plus interest)	50,000	-	1,026,383	1,489,352	2,647,558	4,575,152	4,262,097
Less: Transfer to Debt Fund	(50,000)	-	(615,830)	(893,611)	(1,588,535)	(2,745,091)	(2,518,827)
Less: Transfer for Capital Funding	-	-	(410,553)	(595,741)	(1,059,023)	-	(1,005,101)
Ending GFC Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,830,061	\$ 2,568,230

Notes: Beginning balance calculated by taking operating fund minimum plus ending balance after capital funded GFC Revenues split 60% Debt, 40% Capital Projects based on historical use and discussion with client staff.

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Significant new debt requirements to meet capital funding needs

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Option 2: WWTP Phase I Conclusions

- City cannot move forward with WWTP Phase I project without assistance from community stakeholders
- Options for consideration
 - ✓ Developer contributions of \$9.5 million total would eliminate need for revenue bond funding and debt service coverage
 - ✓ Developer contributions equal to annual cash flow sufficient to make debt service payments during 2008 through 2011, approximately \$4.0 million total
 - ✓ Developer contributions equal to annual cash flow deficiency after general facility charge debt service off-set during 2008-2011, approximately \$3.0 million total
 - ✓ Other?
- Viability of revenue bond options will need to be investigated – must meet debt service coverage requirements

Summary of Recommended Rates/Charges

- Adopt proposed rates/charges
 - ✓ 5% for 2008 - [typical residential rate = \$56.70*]
 - ✓ 5% in 2009 [typical residential rate = \$61.74*] and
 - ✓ 5% in 2010 [typical residential rate = \$64.83
 - ✓ Incorporate new GFC methodology
 - ◆ 9/1/2007 = \$10,518/ERU
 - ◆ 1/1/2008 = \$11,282/ERU

*Includes approved rate increase 12/1/2007 = 3.85% and 12/1/2008 = 3.7%

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