

SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET

ITEM NO: Consent C 3

DATE: December 13, 2007

SUBJECT: Council Minutes

CONTACT PERSON: Laura Koenig, City Clerk

SUMMARY: Attached are the minutes of the November 8, 2007 regular Council meeting 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 COUNCIL MEETING – November 8, 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, Flower, and Blair.
Absent: Boyd and Seehuus

CHANGES/ADDITIONS TO THE AGENDA:

Consent: Remove Minutes of October 25, 2007 Council meeting.
Add excused absence of Councilmembers Boyd and Seehuus
Move Open Space Contract to Action.
Move public Safety Testing to Action.
Action: Add Ordinance 977-07 Amend Title 16.112
Discussion: Move NW Properties Service to discussion.

COMMENTS FROM THE PUBLIC

Bart Dalmasso: Chair of Economic Development Board. Their purpose is to promote business in Sultan and they recently had a photo contest with the prize being "Sultan bucks" to be spent in town. Councilmember Champeaux was one of the monthly winners.

Debbie Copple: Congratulated those involved in the elections. Expressed concerns over the budget and the cuts in the park services. Has dedicated herself to the community for 20 years and has been involved with a group of volunteers that have helped clean up the City. They did not want to encourage the City to include the volunteers as a line item instead of providing funding to maintain parks. There has been a large investment in parks and we should not take away a safe place for sports programs. The City should consider eliminating the \$10,000 wage study and reduce the attorney's hours. The City staff makes a good wage and has a good benefit package and raise should be put on hold. Promised to help organize volunteers to work with the City staff.

Brian Copple: The budget process is moving forward and the Council will make decisions on the priorities. Parks are a priority and the government is here to serve the public. The appearance of the community is important and when making budget decisions the Council should not lose sight of what people see when they come here. We need to attract good people to the community. Keeping the City clean will help with the issues the City is having with loitering and will let people know we care what the City looks like.

Dave Wood: Sultan Harvest is coming up on Thanksgiving Day and they are still looking for volunteers to help. Every one is invited to attend the dinner. The Volunteers of America help fund the Safe Stop program and they have had over 200 students participate. They will be adding staff to the program and will expand to Goldbar. Last year during the flood the VOA help deal with the homeless. VOA has received a grant to help provide housing for the homeless and there are currently have 7 families in the program. The families receive housing, work and substance abuse assistance. The VOA will be having a community meeting on youth violence and gang activity. There have been issues with graffiti around town with gangs tagging buildings.

Josie Fallgatter: Parks are important to the appearance of the community. Parks, schools and police bring people into the City. In regards to accepting donations for the comprehensive plan, the City should solicit donations from the consultants who have ripped off the City and from the planner for the bad ordinances.

Loretta Storm: Agrees with the Copples and Ms. Fallgatter regarding services. Thanked the Sultan Harvest group for their dedication to the City.

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Steve Slawson: Requested the use of the community center for the Sultan Harvest dinner this year. The Council agreed to the use.

COUNCILMEMBERS COMMENTS:

Flower: It makes good sense to prioritize the budget to provide services. There are so many people in the community that volunteer that we take them for granted. Thanked everyone who ran for office. There was a post election party and both Mayor candidates were there and the good relationship between everyone and speaks well of the community. He is looking forward to a positive future in Sultan.

Blair: Thanked all the Council candidates for running for officer. Thanked the Volunteers of America for helping with the Sultan Harvest. This is a community event for those without families in the area and everyone is welcome. The priorities set by the Council include economic development and a community vision. Schools, police and parks attract people but you must also have a nice looking community that people want to live in.

Champeaux: Thanked Dave Wood for the work done by the Volunteers of America. He would like to find money in the budget to clean the streets of leaves to prevent standing waters in the storm drains.

Slawson: Asked how the Council can deal with the parks and roads – doesn't want to see the parks go to shambles but they still need to stay within budget. Advised the Volunteers of America to call him if they need paint for the graffiti. Congratulated the winners of elections and thank all those who ran.

Wiediger: Thanked everyone for attending. The Copples and Dave Wood do a great job of volunteering for the City and they are appreciated.

HEARINGS:

2008 Property Tax Levy: The public hearing on the 2008 Property Tax Levy was opened by Mayor Tolson.

Staff: The Staff report was presented by Laura Koenig, Clerk/Deputy finance Director. In accordance with RCW 84.55.120, a taxing district with regular levies must hold a public hearing on the proposed increase and use of property tax funds. The ordinance must be adopted and filed with the County on or before November 30th.

Ordinance 966-07 sets the regular property tax levy for 2008 and provides for a 1% increase (\$6,314) over the 2007 levy. Include in the total levy amount is \$3,935 for new construction and \$1,192 in refunded amounts. The total tax levy is \$642,888. We have not received the revised assessed valuation numbers from Snohomish County so we are not able to calculate the per thousand rate. Based on the 2007 assessed value, the amount is \$1.60 per thousand.

The funds will be used for General Fund and Street purposes. The budget provides for \$70,000 to be used for Street maintenance and operations and the balance of \$572,538 to be used for General Fund expenses which include administration, law enforcement, planning and library services. This was the allocation approved by the Council during the budget retreat.

Brief discussion was held regarding the levy rate which is estimated at \$1.60/1000 of assessed value and the inclusion of new construction in the total amount. It was noted that the City will

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receive \$6,214 in additional taxes based on the 1% increase, however, the cost of medical insurance rose by 14%.

Public Comment:

No public comments received.

On a motion by Councilmember Slawson, seconded by Councilmember Blair, the public hearing was closed.

2008 Budget Public Hearing: The public hearing on the 2008 Budget was opened by Mayor Tolson.

Staff: Deborah Knight, City Administrator, reviewed the budget themes.

The 2008 budget is built around the Strategic Budget Initiatives (Budget Themes) discussed by the City Council at its June 2007 budget retreat. These "budget themes" are the basis for the 2008 budget presented by City staff:

- Economic Development
- Community Vision
- Financial Health
- Succession Planning
- Strategic Partnerships

General Fund

The General Fund anticipates receiving \$1,961,520 in revenues and \$1,854,401 in expenditures with a \$107,119 ending fund balance. Property taxes increase by \$10,249, the sales tax is level and the budget based on 33 single family building permits.

Expenditures include a Police Chief and 6 patrol officers, bring the comprehensive plan into compliance, attracting business and improving financial stability. The COLA increase is 3.3% and medical insurance increased by 14.8%. Overall expenditures decreased by \$150,000 over 2007.

Council briefly discussed the number of projected building permits, part time Building Inspector for 2008, the amount of moneys allocated for the library and the need to review fees to determine if the cost of development is covered by the fees.

Debt Service:

205 Police Bond Fund:

Voted bonds were issued in 2004 in the amount of \$399,750 for the City's share of the Snohomish County 911 Emergency Radio system and for public safety and health improvements to the Police Department. This was a 20 year bond issue with average payments of \$31,000 per year.

Additional taxes are levied to cover the cost of the bonds.

110 Police Bond: The bonds were issued in 2004 for the purpose of paying for the Snohomish County 911 Emergency Radio System and to make public health and safety improvements to the Police Department building. These improvements included completion of the evidence room, weapons storage and miscellaneous storage.

The Emergency Radio equipment installation needs to be completed and the weapons locker and evidence room need to be finished. The City Council may determine that other safety improvements are necessary and use the bond proceeds for those purposes after the initial purpose has been fulfilled. The Police Department will provide detailed estimates of costs to

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complete the original purpose of the bonds. The remaining balance has been included in the 2008 Budget.

402 Water/Sewer Revenue Bonds:

Bonds in the amount of \$1,500,000 were issued in 1996 for improvements to the Wastewater Plant and for water system improvements. This issue also provided for the refunding of prior revenue bonds. The bonds are paid for by funds collected from current water/sewer customers. An interfund transfer of \$50,000 from the Water fund and the Sewer fund cover the majority of the payments. The fund receives interests on the fund reserves. Current reserves are estimated to be \$59,000 plus the \$100,000 transfer in for 2008 will meet coverage requirement

Capital Budgets:

The 2008 Capital Budget outlines the proposed project expenditures and funding sources for the capital projects the City will be working on in the coming year. Capital project expenditures for 2008 must be included in the City's adopted 2008 Budget.

The policy question for the City Council is whether the capital projects, proposed expenditures, and revenue sources address the City's short- and long-range capital investment priorities.

Enterprise Funds:

The Street fund will include minimal costs for street lights and repair and maintenance. Staff time has been reduced to cut costs. Street lights are activated when the plat is complete and the monthly fee is based on the wattage of the bulb.

Water fund expenditures will increase to include cost to cover the new state requirements for water efficiency and to continue the replacement of meters with electronic meters. The City needs to review rates and Staff has recommended a water rate study be completed in 2008.

Sewer fund: The City will continue working on the design phase of the sewer plant upgrade and complete the sewer demand study. Staff will pursue a public/public partnership to pay for the plant upgrades.

Garbage fund: Service is provided three days per week now. Staff encourages recycling to keep the cost of garbage collection down. The City may have to expand garbage service in 2008.

Cemetery fund: Staff is working on the installation of the niche wall and contracting for burial services.

Storm Water Utility will be implemented in 2008 and this will help reduce cost in the street and sewer funds.

Council briefly discussed discounts to customers who change from a pervious to impervious surface, maintenance costs for the Cemetery and the endowment fund.

Public Comment:

Loretta Storm: Asked questions about the capital budget for the Sultan Basin Road sidewalks and widening and the water high level reservoir design. These are pricey items. Requested some details and options on those projects at the next hearing.

Josie Fallgatter: Thanked staff for electing to separate the REET funds. Asked if there is a developer who is going to pay for the high water reservoir? It has been mentioned at some of the meetings on the water plan and it was noted that developers will pay. Is there any City money proposed to be spent?

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Keith Arndt: Asked what percentage of the General fund expense is for police and what are other cities spending for police services? Asked if the City is using the King County Sheriff who offered his services to the City?

Staff and Council advised that the percentage spent on police services is directly related to the amount of sales tax revenue the City receives.

On a motion by Councilmember Slawson, seconded by Councilmember Champeaux, the public hearing was closed.

CONSENT AGENDA:

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

- 1) Approval of the October 18, 2007 Council Meeting Minutes
- 2) Approval of Vouchers in the amount of \$22,090.64 to be drawn and paid on the proper accounts.
- 3) Introduction of Ordinance 974-07– Amend Title 13.12 Disconnection Fees
- 4) Authorization for the Mayor to sign a contract with A. Trua as the Public Defender
- 5) Surplus Equipment Bid Award
- 6) Authorization for the Mayor to sign a contract with John Galt Service for Hearing Examiner service.
- 7) Authorization for the Mayor to sign a contract with Lawrence Construction for Inspection Services
- 8) Approval of the Interlocal Agreement with the Town of La Connor for Biosolids Handling.
- 9) Authorization for the Mayor to sign a contract with Nelson Geo-Tech Service for soils testing on the Sultan Basin Road project.
- 10) Excused absence of Councilmembers Boyd and Seehuus from the November 8, 2007 Council meeting.

ACTION ITEMS:

Civil Service Code Amendments: The ordinances and resolution were introduced for a first reading on June 28, 2007 and brought back to the Council on August 23, 2007. The Civil Service Commission had concerns regarding the change and the matter was continued to allow time to address the concerns of the Commission. Brief discussion was held on the oversight provided by the Civil Service Commission for the hiring process, current applications pending for the Police Chief and the fact that if the Chief is hired under Civil Service they remain a Civil Service employee.

Ordinance 950-07 – Civil Service Policy: Councilmember Champeaux moved to adopt Ordinance 950-07, seconded by Councilmember Slawson. Aye – Champeaux; Nay - Blair, Flower, Wiediger, Slawson

Ordinance 951-07 – Personnel Policy: Councilmember Slawson moved to not adopt Ordinance 951-07, seconded by Councilmember Wiediger. All ayes except Councilmember Champeaux who voted no.

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Resolution 07-13 – Personnel Policy: Councilmember Slawson moved to not adopt Resolution 07-13, seconded by Councilmember Flower. All ayes except Councilmember Champeaux who voted no.

Ordinance 966-07 – 2008 Tax Levy: Ordinance 966-07 sets the regular property tax levy for 2008 and provides for a 1% increase (\$6,314) over the 2007 levy. Include in the total levy amount is \$3,935 for new construction and \$1,192 in refunded amounts. The total tax levy is \$642,888. On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, Ordinance 966-07 was introduced and passed on to a second reading. All ayes.

Ordinance 965-07 – 2008 Tax Levy for GO Police Bond: The voted bonds for the Emergency Radio system and safety improvements to the Police Department were issued in 2004. On a motion by Councilmember Slawson, seconded by Councilmember Wiediger, Ordinance 965-07 was introduced and passed on to a second reading. All ayes.

Establishment of Funds: The proposal before the Council is to establish five funds under Title 3 SMC. The Capital Project Funds will be used to account for the Real Estate Excise Tax collected by the City. There is a difference in the allowed expenditures between the first and second ¼% tax. The Impact Fee Funds will be used to account for impact fees on parks and transportation that are collected at the time a new building permit is issued. The Council will be implementing a Storm Water Utility and staff has created the fund to account for revenues and expenditures of that utility.

Ordinance 967-07 Capital Project Fund REET 1: On a motion by Councilmember Slawson, seconded by Councilmember Champeaux, Ordinance 967-07 was introduced and passed on to a second reading. All ayes.

Ordinance 968-07 Capital Project Fund REET 2: On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, Ordinance 968-07 was introduced and passed on to a second reading. All ayes.

Ordinance 969-07 Park Impact Fees: On a motion by Councilmember Slawson, seconded by Councilmember Wiediger, Ordinance 969-07 was introduced and passed on to a second reading. All ayes.

Ordinance 970-07 Transportation Impact Fees: On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, Ordinance 970-07 was introduced as amended and passed on to a second reading. All ayes.

Ordinance 971-07 Storm Water Utility Fund: On a motion by Councilmember Slawson, seconded by Councilmember Weidiger, Ordinance 971-07 was introduced and passed on to a second reading. All ayes.

Ordinance 977-07 Amend Title 16.112: On a motion by Councilmember Slawson, seconded by Councilmember Wiediger, Ordinance 977-07 was introduced and passed on to a second reading. All ayes.

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Public Safety Testing Service: Brief discussion was held regarding the process and the cost for the testing service. On a motion by Councilmember Slawson, seconded by Councilmember Flower the Mayor was authorizaton to sign a contract with Public Safety Testing Service. All ayes.

Certified Land Services Corporation: Councilmember Flower advised that he would like the City to request proposals from local real estate brokers to assist with property acquisition. Staff advised that there will be as associated costs with the acquisition that include appraisal and survey. Councilmember Fflower moved to prepare a request for proposals to allow bids from local business for property acquisition service, seconded by Councilmember Champeaux. All ayes.

DISCUSSION ITEMS:

Purchase Policy and Procedures:

Staff has drafted a Purchase Policy and a Purchase Procedure for the Council's consideration to provide a consistent process for the purchase of materials, supplies, equipment and services. Municipalities must follow several state laws with regards to the purchase of supplies, materials or equipment. There are additional statutory requirements that apply to public works projects and architectural and engineering services.

The Purchase Policy defines the responsibilities of the Finance Department and of each Department Head for the purchase of supplies, equipment and professional services. The Sub-Committee met in June to review the purchasing parameters and staff has met on several occasions to review the parameters and the process. The guidelines set will allow the City departments to operate in an efficient and consistent manner.

The City lacks written policies and procedures and this has become a cause for concern by the State Auditor. Lacking any written procedure, each Department operates under a different set of "rules". This has caused delay in the purchase of essential supplies and services as three bids must be obtained for all purchases.

Brief discussion was held on the different levels of approval required for expenditures. Staff was directed to prepare the necessary resolution for adoption of the policy.

Investment Policy and Interest Allocation:

INVESTMENT POLICY:

The City does not have a formally adopted Investment Policy. Staff currently used guidelines provided by the BARS (Budget, Accounting, Reporting System) manual and various RCW's regarding investments (Attachment C). The State Auditor has recommended that the City adopt written polices to insure that consistent financial practices are followed. The draft document is based on a sample policy obtained from the Washington Municipal Treasurer's Association.

INTEREST ALLOCATION:

In accordance with Resolution 92-11(Attachment D), the City commingles the fund balance of all funds for the purpose of investments. Resolution 92-11 is outdated and includes funds that no longer exist. The interest earned on the investments is distributed based on the current fund balance for those funds that have restricted funds and the balance of interest earned is allocated to the General Fund. The City can allocate interest to the General Fund with some restrictions. Attachment C provides a list of restricted revenue sources for the purpose of transferring interest earnings. The Sub-committee and the Council have discussed interest income and have requested that staff provide a recommendation on how to allocate the interest income.

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Brief discussion was held on the allocation of interest and how the funds use the interest now. Staff was directed to prepare the necessary resolutions to adopt the policies and to provide additional information on the amount and use of interest earnings.

Donations for Comprehensive Plan: The issue before the Council is whether the City should pursue a strategy of soliciting donations to fund the City's effort to adopt a comprehensive plan compliant with the State Growth Management Act. The City has budgeted \$200,000 and we will need \$400,000. Staff is trying to define a more comprehensive scope of work to bring the plan into compliance. There are issues that would need to be addressed if the City pursues donations such as the public perception, expectations or those who donate and alternatives if adequate funding is not available. The council directed staff to research the issue and also to look at the errors and omissions for consultants.

Non-Representative Employee Salary Schedule: The issue before the City Council is to establish salary ranges for the non-represented employees. As a part of the annual budget process, the City Council must adopt a salary and compensation ordinance for 2008 to establish pay levels for all employees. Salary levels for represented (union) employees are established during contract negotiations. Salary levels for non-represented employees are set by the City Council annually during the budget process. At its meeting on August 23, 2007, the City Council approved changing the flat rate salary for the position of police chief to a salary range. The police chief's position was discussed outside of the budget process because of the immediate need to initiate a recruiting effort to fill the position following Chief Walser's resignation. At the meeting, the City Council evaluated four alternatives:

1. Keep the existing flat rate
2. Adopt a 2-step salary range using the 2008 salary as a starting point.
3. Adopt a 5-step salary range using the 2008 salary as a starting point.
4. Adopt a 5-step salary range using comparable cities as a starting point

The City Council approved alternative number 3 - a five step salary range using the 2008 salary as a starting point providing a 3% increase between each step based on satisfactory performance.

During the discussion to establish a salary range for police chief, City staff recommended establishing salary ranges for all non-represented employees during the annual budget process. For consistency, the staff recommendation is to use the same methodology for all non-represented employees.

Brief discussion was held regarding the performance evaluation and the need for the salary study. The salary schedule will be brought back for consideration in December and the salary study is budgeted for 2008.

Northwest Property Agreement: Brief discussion was held regarding the cost and the free availability of the same type of service on the internet. Northwest Properties does not include Sultan properties, only properties in the general area. Councilmember Blair offered to assist staff set up property information on the City's web page.

Stop the Clock: On a motion by Councilmember Slawson, seconded by Flower, the clock was stopped. All eyes except Champeaux who voted nay.

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PUBLIC COMMENTS

Loretta Storm: We need to avoid the us versus them scenario. Debate and disagreement can be positive and get solutions. In regards to a staffing study, in her business she must track every minute of time and the staff should do that beginning in January. In regards to the comprehensive plan changes, whether they use donations or not and no matter what consultant they use, they must have direction from staff and they are not getting it from staff. The Blue Ribbon committee has made a request for information on the investment interest and it has not been received yet.

Josie Fallgatter: Thanked the Council for taking another look at NW Properties – if they don't need to pay for information they shouldn't pay. Advised that she is not being tongue in cheek when she says to go back to the consultants as the Mayor has the authority to enforce contracts.

COUNCIL COMMENTS

Flower: He welcomes debate as both sides have a right to be heard and a right to their opinion but he does not want to see it break down to personal attacks. The attacks create an atmosphere of hatred. They don't always agree but it is up to them to debate the needs. Five years ago the council was bringing personnel issues to the table and it was disgusting to him as the citizens and staff deserve better. They may have difference of opinion but at the end of day the majority rules and no one needs to get personnel or divisive. The prior council was always split sometimes out of spite and this council has worked well together and moved forward. Everyone should respect each other and the right to have different opinions

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

Benjamin Tolson, Mayor

Laura J. Koenig, City Clerk