

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

---

ITEM NO: Consent C 3  
DATE: March 13, 2008  
SUBJECT: Council Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

**SUMMARY:**

Attached are the minutes of the January 24, 2008 and February 28, 2008 Public Hearing on the Stormwater Utility Formation 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:

## **CITY OF SULTAN COUNCIL MEETING – January 24, 2008**

### **PUBLIC HEARINGS:**

The public hearing on the Stormwater Utility was called to order by Mayor Eslick.

Councilmembers present: Champeaux, Wiediger, Slawson, Davenport-Smith, Flower, Blair and Doornek.

There were no objections to the Council participation.

**Staff:** Connie Dunn, Public Works Director presented the staff report.

What is a Stormwater Utility?

- An administrative function that allows a city to manage its stormwater infrastructure and charge a fee for that activity
- The separation of stormwater management functions and funding from other municipal utilities
- A way to increase the stormwater level of service

General Principles

- Rates should be cost-based and set at a level such that they meet the full revenue requirements of the utility
- Rates should be easy to understand and administer
- Rates and the process of allocating costs should conform to “generally accepted” fee setting techniques
- Rates should be stable, in their ability to provide adequate revenues to meet the utility’s financial, operation and regulatory requirements
- Rate levels should be stable from year to year from the customer’s perception
- Rates should be fair and equitable to the customer
- Rates should be legally defensible

What was the process used to determine ERU:

- Buildings, outbuildings, driveways and gravel surfaces were measured
- CAD 4.0 and 1”-50’ aerial photographs of residential properties provided by Snohomish County GIS Department
- The ERU for Sultan is 4,519 square feet
- 

Commercial Property ERUs

- Measured building, driveway and concrete surfaces using CAD 4.0 and aerial photos provided by Snohomish County GIS Department
- Multifamily 2-4 plex properties were counted as 1.75 ERUs based on their average impervious surface
- Non residential and multifamily 5-99 unit (commercial) ERUs were calculated by measuring the total square footage of impervious surface on a commercial property, then dividing that by 4,519 to establish the number of ERUs on the property

Total ERUs

- 1,246 Residential ERUs
- 920 Commercial ERUs
- 75 1-4 Plex Multi-Family ERUs
- Total of 2,241 ERUs in the City of Sultan

**Permitting History**

- 1987 – Congress changed the Clean Water Act to include Stormwater discharged in the National Pollutant Discharge Elimination System (NPDES) permit program.
- 1990 – Stormwater Phase I

## **CITY OF SULTAN COUNCIL MEETING – January 24, 2008**

- Cities/Counties over 100,000 population
  - City of Seattle           Pierce County
  - City of Tacoma        Snohomish County
  - King County           Clark County
- January 2007 – Stormwater Phase II
  - Cities over 10,000
  - March 31, 2008 1st Annual Report Due

### Sultan History

- 1991 – Sultan Stormwater Management discussed with Council and Mayor. Sultan said “No”
- 1998 – Sultan Mayor, Council and Staff discussed Stormwater Utility during Sewer Rate Study
- Suggestion \$1.00 per month flat fee and Sultan said “No”
- 2003 – Surface Water Management Plan adopted by City Council approved – Department of Ecology.
- Goal of Surface Water Plan – Formation of Utility and Sultan said “No”
- 2004 – Water/Sewer Rate Study
- Staff recommended rate for stormwater
- Form Utility
- \$5.00 Flat Rate Sultan said “No”

### Flat Fee Strategy

- A flat fee can be introduced per ERU per month that would cover all anticipated costs for the utility
- The rate and fee would only be changed at the end of each Capital Facilities Plan cycle
- Expense budget must be strictly adhered to
- The fund would borrow from Streets and Sewer in the first year, then pay it back in subsequent years

The City has endeavored to keep the community informed and involved in the discussion to establish a stormwater utility.

The City established a Small Work Group comprised of a city resident, business owner and Planning Board member to review alternatives and make a recommendation to the Planning Board and City Council.

- The Small Work Group met on February 20<sup>th</sup>, March 6<sup>th</sup>, April 17<sup>th</sup> and May 1<sup>st</sup>.
- The City held an open house on March 13, 2007. The Open House included information on the proposed Stormwater Utility. Notice of the Open House was mailed to all residents and businesses within the Sultan zip code including residents outside the City limits.
- On March 20, 2007, the Planning Board received an update from the Small Work Group – the Board reviewed the need to form a stormwater utility and the survey of stormwater utilities across the state.
- On April 12, 2007, the City Council received an update from the Small Work Group – the Council reviewed the need to form a stormwater utility and the survey of stormwater utilities across the state and key policy questions.
- A second Open House was held on May 15, 2007.

## **CITY OF SULTAN COUNCIL MEETING – January 24, 2008**

- On May 1, 2007, the Planning Board reviewed the calculations for the ERU, draft Stormwater Utility Report and budget and directed staff to areas of concern.
- On May 17, 2007, the City Council subcommittee received a similar update.
- Notice of the proposed formation of the Stormwater Utility was included in the June and July utility billing statements.
- On May 24, 2007, the full Council reviewed the calculations for the ERU, draft Stormwater Utility Report and budget.
- On June 26, 2007, the Planning Board discussed credits for private facilities, public schools, non-profit organizations, senior citizens and low-income residents. The Board also reviewed the draft ordinance and credit manual and directed staff to set the Public Hearing for July 17, 2007.
- July 17, 2007 a Public Hearing was held with the Planning Board.
- On July 23, 2007, a meeting with the Sultan School Board was held to discuss the proposed utility, calculation of equivalent residential units and grass as a pervious/impervious surface.
- August 9, 2007, the Council conducted a Public Hearing.

The schedule to review and adopt a Stormwater Utility is as follows:

- Planning Board public hearing and recommendation to Council – July 17, 2007 (complete)
- Final Draft Report and recommendation to Council – July 26, 2007 (complete)
- City Council conducted a Public Hearing on August 9, 2007 (complete)
- January 10, 2008 Council to set Public Hearing for January 24, 2008 @ 6:00 pm to receive comments on the Stormwater Utility.
- City Council action to adopt ordinance for fees – February 2008
- Public outreach and implementation – December 2007 through February 2008
- December 7, 2007 Letters were sent to Business Owners
- City Council to conduct a Public Hearing on January 24, 2008
- Implementation – April 1, 2008

### **Public Input**

Kay George: Is against the stormwater utility and has been circulating a petition for other residents to sign opposing the stormwater utility. The waters are pristine so why do we need this utility. They don't need another tax on citizens and developments and the letter from the City says it doesn't have to be in place until 2012.

Mike Demartino: Is against the utility. The City has done nothing to improve 2<sup>nd</sup> street and the Date Street and 1<sup>st</sup> Street projects were bad jobs. There have been no improvements and water/sewer/garbage have doubled. They should be charged for usage and he will not pay. It is not needed until the population is 10,000 and this is an unfair tax and the City should have the developers pay.

Vern Nelson: Owns property in town and if he is hooked into stormwater system there is no problem, but if they don't connect, would they get an exemption? If people are not hooked up to stormwater it is not fair to pay. There are a lot of people who are not hooked up and it puts a burden on older people in town that have never connected.

Nathan Porter: Businesses are being charged unfairly. A business is a resource for the City; residents cost the city money for services. The City can't borrow money because they can't pay the loans that is because we don't have businesses. This new utility charge will discourage new

## **CITY OF SULTAN COUNCIL MEETING – January 24, 2008**

business. He would like to see the rates adjusted and if they have to pay only charge if the water is going into the stormwater system.

Rob Criswell: Is not a business person but has lived in the City since 1969. The City needs to get businesses into town and not run them out. The citizens can't come up with more money each time the utility workers want a raise. This is not fair to the citizens.

Al Wirta: Owner of Associated Metals. Business and residents outside the city have their own bio pits for run off and there are no stormwater hookups outside of the city. He has looked at the budget and the City wants to hire three people and the salary/benefits cost over \$300,000 per year. Does not understand the utility and what the \$187 per month pays for. If the City had a stormwater system and put in a treatment plant that would be okay but it is not okay to hire more people.

Dan Barmon: Advised the City needed a larger room to accommodate all the people that need to speak and recommended the City continue the meeting to another time in a large facility.

Scott Zaffram: Recently saw that for debris removal the cost will be \$25,000 and this will cost more. They are losing people in the city due to poor management and high costs.

Brad Roesler: The primary concern is the cost being borne by business, over half the costs compared to the cost to residents. Twenty years ago a ditch was dug on his property and the water drains into it and that is how his stormwater is handled. Doesn't feel that business should have to pay the amount recommended. \$20 per month okay but \$300 per month is excessive.

Wendall Smith: This issue has come on fast for a lot of people. The City needs to slow the process down to help them understand.

Art Burdis: The money problems have been caused by the Council and now they are trying to raise taxes with this utility. Most retired people got a \$20 raise for social security and now the City is raising water/sewer charges and adding this new fee. They are eating money up in taxes and don't need it.

John Breckenridge: Owns a business in the industrial area which has Wagely Creek running through it. They must stay 50 feet away from the creek and most of the area is drainage. Councilmember Flower told them it is not legal and this is just a money grab.

Jeff Manoske: Is a business owner. The whole deal is crazy and the fees are astronomical. The Council needs to rethink the process. He has a lot of paved area and will pay a high costs for service and it will devalue the property if the rates are too high.

Josie Fallgatter: The City needs to do something about stormwater. People are unhappy as they feel there is no benefit for what they get, however, they also pay for schools when they have no children. It is the cost we pay to live here and the Council must make the hard decision now because if you put it off, it will get more expensive. Asked if the proposed projects designed for 20 or 50 year flood and can they be prioritized to handle those that cause flooding first.

CH Rowe: The City needs to check to see if they are in the federal urban area to determine if the utility is needed. If needed, start at a small amount. This will drive business out of town and no new ones will come in. Should not take testimony from those outside the City as they don't pay.

**CITY OF SULTAN COUNCIL MEETING – January 24, 2008**

Frank Manoske: Against the utility because the City has not done their homework and has decided this is just a way to get money. Staff can't answer basic questions. The City has mismanaged money for years and now they are in a fix. The burden is on the businesses and there should be a flat rate fee that is fair to everyone. Agrees that those who don't live in the City should not have a say as they pollute but don't have to pay. The homeowners should pay and the City should not pass the burden on to the businesses. If discounts are allowed why hasn't the information been provided to the citizens.

Wendy Redick: The question of whether we need the utility needs to be answered. The costs were reviewed for 2008-2012 and it was noted the City needs \$360,000 per year to run the utility but there are also capital costs. There is a large disparity between costs and the City needs to look at what the costs to the businesses will be.

Jeffrey Beeler: It appears that the City has not done a lot of communication with businesses and owners. They put the information on the utility bills and have had open houses. He attended the meetings and worked on the committee and they looked at all the costs a resident would pay. but they were not told how much commercial would pay and he does not support the amount proposed. Need better communication with the businesses and need to reduce the fees.

**Staff:**

Connie Dunn advised there are culverts that cause flooding during heavy rains and they will be a priority for repair or replacement. They are not trying to stop the water, just the flooding.

Anne Dettelbach, (Dept of Ecology): The definition of a stormwater utility includes pipes drains, ditches or other methods to get water to the creeks or rivers. If you live on a street with a gutter, you are part of a stormwater system. The population trigger for the permits is not a straight 10,000 figure there are other factors such as being in an urbanized area. Any citizen can petition the state to require the City obtain a permit. The Clean Water act requires the permit and non compliance can result in penalties. The Clean Water act does not give clean water exemptions as storm water carries contaminates to the rivers and creeks.

**Councilmember Comments:**

Discussion was held on continueing the hearing to accept additional public comment and provide additional information. The issue has been discussed since 1991 and action can not be put off until 2012. The citizens want the Council to be proactive on issues and there have been several meetings to review the information. Council requested that staff provided additional information on costs and exemptions.

On a motion by Councilmember Champeaux, seconded by Councilmember Slawson, the public meeting was continued to Feb 28, 2008 at 6:00 PM. All ayes.

---

Carolyn Eslick, Mayor

---

Laura J. Koenig, City Clerk

## **CITY OF SULTAN COUNCIL MEETING – February 28, 2008**

### **PUBLIC HEARINGS:**

The continued public hearing on the Stormwater Utility was called to order by Mayor Eslick. Councilmembers present: Champeaux, Davenport-Smith, Flower, and Blair.

### **Staff:**

Connie Dunn reviewed the flyer that was distributed to the audience providing answers to questions that were asked at the last meeting. The Stakeholders group has met to review the program and costs (7 people attended). They discussed what the City can do to control stormwater and manage the system, looked at available options for a smaller start or contracting with Snohomish County. The City must be responsible and protect the pristine waters we have and not allow them to become polluted. The utility is needed and they need to work together to determine a fee and method to keep the water clean.

### **Public Input:**

Ken Young: Has been involved in stormwater management and stormwater needs to be paid attention to as it does rain. It is unfair to expect City management and staff to take on all the elements of surface water management and all the environmental issues as there is a lot to the management of the system. The City will be well served to have the utility and no one likes to be taxed but they have a responsibility to the children and environment to manage stormwater properly.

Dan Barmon: Presented a letter from an attorney to the Council. The Growth Management Act requires the City to have plan, but what does that mean?

Jerry Gibson: Doesn't understand the stormwater utility fee as he lives on Dyer and does not have any storm drain that goes into the City system. Doesn't know what he is paying for as the water just drains into the ground. He attends a lot of Council and Planning Board meetings and has heard the comment that this is just another tax and he agrees with the statement.

Mike Ingalls, business owner on Cascade view Drive. He has attended many meetings on different taxes and has never complained when he understood what the dollars would be used for. Some of the businesses will be overtaxed as they are with utility taxes as they are heavy users. This is how the City finds money for the general fund and everyone knows there are problems with the General Fund because of lawsuits and legal fees that are paid for by the taxpayers and most are caused by egos. Most of the business owners are supportive of things that contribute to the community but this is just a tax to put money in the General Fund. (Mayor Eslick advised the money will not go into the General Fund).

Loretta Storm: It was suggested that no one outside the city be allowed to speak and she does not live in the City but has web page. This is needed because of mismanagement and it can't be laid at the feet of the elected official as citizens need to be more involved in the process. There have been a lot of meetings held on this issue and the City will be a better place when the utility is in place.

Jeff Manoske: There are a lot of issues to address - rates that are out of line, senior discounts, pavement and gravel parking lots. The City needs to put this off until they have all the information available.

**CITY OF SULTAN COUNCIL MEETING – February 28, 2008**

Jerry Knox: Representing 136 homeowners in the HOA. They have two retention ponds and they are responsible for those ponds and it is expensive to maintain them. Retention ponds have been around since the 1940's and other have paid 80-100,000 to test and maintain the ponds. They want to be responsible for the ponds, but if they are responsible and they are paying at the same rate as those that don't have retention ponds then it is not a fair rate structure. Small lots are charged the same as large lots.

Fred Seiner: The areas have been flooding for years so why fix the problem now as none of the improvements will keep the water clean. The budget for employees is \$209,000 and they are paying a lot of money to existing employees. The money is not going where it is needed and citizens don't trust what the City is doing with their money. Will save money from the Library and they will have \$90,000 to work with.

Nona Manaske: She has educated herself on the issues and can answer the questions and is disappointed that employees can't answer all the questions. They were quoted the wrong amount for their property and the City staff doesn't know how many lots they own. Should do their homework first before asking for money.

On a motion by Councilmember Flower, seconded by Councilmember Champeaux, the Public hearing was closed.

---

Carolyn Eslick, Mayor

---

Laura J. Koenig, City Clerk