

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Consent C 1
DATE: April 23, 2009
SUBJECT: Council Meeting Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

Attached are the minutes of the April 9, 2009 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.

CITY OF SULTAN COUNCIL MEETING – April 9, 2009

The regular meeting of the Sultan City Council was called to order in the Sultan Community Center by Mayor Eslick. Councilmembers present: Champeaux, Wiediger, Slawson, Flower, and Davenport-Smith. Absent: Blair.

CHANGES/ADDITIONS TO THE AGENDA:

Consent: Add excused absence of Councilmember Blair

PRESENTATIONS:

FCS – Water Rate Study: Connie Dunn, Public Works Director, introduced Angie Sanchez with FCS who provided the report on the Water Rate Study.

The last water rate study was completed in 2004. Ordinance No. 864-04 was effective December 1, 2004 and set \$2/year increases in the base water rates for five years. The last rate increase took effect December 1, 2008. The current base rate is \$25.25. The base rate includes 600 cubic feet of water per month (6ccf) for residential and commercial users.

The City Council approved a water rate study in 2008 in part because water revenues were not adequate to cover operating expenses in the 2008 budget. Since the water utility is an enterprise fund, the user fees and revenues collected must cover expenses.

The study is at the point where city staff and consultants need direction on:

1. Increasing water rates by 10% in 2009 and 2010 to cover operating, capital and debt service expenses.
2. Equitably distributing a rate increase over the classes of users – residential, multi-family and commercial.

The need to increase water rates is driven by three primary factors:

1. Current revenues do not support an ongoing capital improvement program. Rate increases are needed to fund the capital improvements to serve current customers.
2. Operation and maintenance costs increase each year. The financial plan suggests that operating and maintenance costs will increase an average of about 3.5 percent per year. Water rates represent about 82 percent of the water system's annual revenues. Non-rate revenues are relatively static and not expected to increase with increased costs (in fact, interest earnings will decline as reserves are used). Therefore, increased operating and maintenance costs of 3.5 percent per year will require rate increases of about 4.25 percent to offset them.
3. Due to water conservation efforts, water demands are expected to decline each year (assuming normal weather patterns and economic conditions). Increased costs will need to be spread over decreased water sales, necessitating a rate increase just to maintain stable revenues.

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Four options for rate structures were presented:

- Option 1: Across-the-board increases – Equal increases to all classes and all rate components
- Option 2: No allowance, reduced monthly base charge, commercial base charge pricing follows AWWA factors
- Option 3: Single Family Only- inverted block structure for single family customers
- Option 4: Single Family Only – Half Allowance, maintain current rate structure

The staff recommendation is Option 4.

Discussion was held regarding the impact to residential and commercial customers by reducing the allowed usage; higher users paying for actual use; contingencies plans if growth does not occur; impact on future development. Information packets will be provided to the high water users prior to the public hearing.

COMMENTS FROM THE PUBLIC

Jeffrey Beeler: The City has not raised rates in the past when they were needed and everything is going up – water, sewer and garbage rates. The question is what can be held off for increasing at this time. The utility bill is \$30 higher and for some, that is a big deal.

COUNCILMEMBERS COMMENTS:

Champeaux: Requested the parking in front of the mural at the Post Office be brought back as a discussion item. He would like to see a park there so people can enjoy the murals. Requested staff look into a property maintenance ordinance to require banks to keep up properties in foreclosure.

Slawson: Agrees there should be a park in front of the Post Office. The Council will have to raise water rates to make sure the system is self supporting.

Wiediger: Agrees the water rates need to be raised. Thanked the public works crew for fixing the potholes around town.

Davenport-Smith: Thanked the public works crew for the work on the streets.

Mayor Eslick: Reviewed the revised locations for the COPS grant cameras. Requested staff place “no horses allowed” signs at Osprey Park. Advised that the health van services will be available in Sultan. The Council needs to consider the impact to the residents when they raise the utility rates.

CITY OF SULTAN COUNCIL MEETING – April 9, 2009**CONSENT AGENDA:**

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

- 1) Approval of the March 26, 2009 Council Meeting Minutes
- 2) Approval of the March 26, 2009 Public Hearing minutes on Sewer Rate Increases
- 3) Approval of the March 26, 2009 Public Hearing minutes on the Shoreline Master Program Administrative Amendments to Chapter 7
- 4) Approval of Vouchers in the amount of \$38,216.03 and payroll through March 20, 2009 in the amount of \$38,819.40 to be drawn and paid on the proper accounts.
- 5) Adoption of Ordinance 1032-09 Shoreline Master Program Administrative Amendments to Chapter 7
- 6) Code Scrubs
 - A. Adoption of Ordinance 1029-09 Repeal Park Board
 - B. Adoption of Ordinance 1030-09 – Repeal Sultan Arts Council
 - C. Adoption of Ordinance 1031-09 – Repeal Citizens Advisory Board
- 7) Resolution 09-03 - Amendments to the Legal Descriptions
- 8) Set a Public Hearing for April 23, 2009 on the Water Rates
- 9) Excused absence of Councilmember Blair from the April 9, 2009 Council meeting.

ACTION ITEMS:

Ordinance 1033-09 and 1041-09 Sewer Rates: The issue before the City Council is to have first reading on Ordinance 1033-09 adopting a cost of living adjustment for sewer base rates for 2010 and 2011 and to have first reading on Ordinance No. 1041-09 to repealing SMC 13.08.030 (A) to set sewer rates by separate ordinance.

The City Council adopted a three year schedule of sewer rate adjustments by Ordinance 961-07 on September 27, 2007. The final approved adjustment is December 1, 2009.

Sewer rate adjustments typically follow an update to the General Sewer Plan and Comprehensive Plan. These Plan updates are scheduled for adoption 2011. Ordinance No. 1033-09 will provide for incremental increases in 2010 and 2011 based on the level of inflation. Following adoption of the General Sewer Plan, the City will undertake a sewer rate study based upon current and anticipated revenue needs to support the sewer system. On March 26, 2009, the City Council held a public hearing and took comment on adjusting sewer rates in 2010 and 2011 using the Seattle-Tacoma-Bremerton Consumer Price Index (CPI-U) June-June as the basis for the rate adjustment.

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Ordinance No. 1041 amends Sultan Municipal Code Section 13.08.030 (A) to set sewer rates by separate ordinance and include the adopting ordinance (No. 1033-09) as an attachment to the annual fee schedule adopted by the City Council.

On a motion by Councilmember Slawson, seconded by Councilmember Champeaux, Ordinance No. 1033-09 adopting sewer rates for 2010 and 2011 was introduced and passed on to a second reading. All ayes, except Councilmember Flower who voted nay.

On a motion by Councilmember Slawson, seconded by Councilmember Wiediger, Ordinance No. 1041-09 repealing section 13.08.030(A) (sewer rates) in its entirety and enacting a new section 13.08.030(A) establishing sewer rates by separate ordinance was introduced for a first reading and passed on to a second reading. All ayes.

Code Scrubs – Ordinance 1034-09, 1035-09 and 1039-09:

The issue before the Council is the introduction of Ordinance 1034-09 to amend Chapter 2.28 City Elections; Ordinance 1035-09 to repeal Chapter 2.24 Official Bonds and Ordinance 1039-09 to repeal Chapter 5.08 Bowling Alleys, Pool Halls and Gaming Rooms.

As a part of the review of Title 2, staff found there were sections that dealt with city elections and official bonds that were no longer applicable. RCW 29A.04.216 requires the County Auditor to supervisor all elections and provide for the necessary notices. SMC 2.28 requires publication of notices by the City which is in conflict with state law. The code section has been amended to hold elections in accordance with state law. RCW 35A.12.080 requires an annual official bond for employees. Sultan Municipal Code (SMC) 2.08.055 and 2.11.050 provide terms and conditions for a blanket bond coverage for the Finance Director and City Clerk. The City's insurance policy under CIAW provides a blanket bond for all employees that handle city funds. SMC 2.24 should be repealed as it is not consistent with other sections of the City code.

Chapter 5.08 regulating bowling alleys, pool halls and gaming rooms was adopted under Ordinance 96 in 1917. The code establishes hours of operations and provides for no other regulations. The City Attorney has recommended the code section be repealed.

On a motion by Councilmember Slawson, seconded by Councilmember Flower, Ordinance 1034-09 to amend Chapter 2.28 City Elections, was introduced for a first reading and passed on to a second reading. All ayes.

On a motion by Councilmember Slawson, seconded by Councilmember Champeaux, Ordinance 1035-09 to repeal Chapter 2.24 Official Bonds, was introduced for a first reading and passed on to a second reading. All ayes.

On a motion by Councilmember Slawson, seconded by Councilmember Davenport-Smith, Ordinance 1039-09 to repeal Chapter 5.08, Bowling Alleys, Pool Halls and Gaming Rooms, was introduced for a first reading and passed on to a second reading. All ayes.

CITY OF SULTAN COUNCIL MEETING – April 9, 2009**DISCUSSION ITEMS:****Volunteer Policy:**

The issue is the development of Volunteer Program Policies and direction from Council on policy decisions. On October 4, 2007 the City Council Subcommittee reviewed sample volunteer programs from other cities with staff and determined that a scaled down model of the City of Woodinville's Program matched Sultan's volunteer needs the best. There are policy issues for the Council to consider:

- 1) What should the City do during an emergency? Example: Calling the High School and asking students to sandbag during the flood. What are the liability issues?
- 2) At what age would the Council consider a youth could work independently without parental supervision? Some policies recommend age 16 while others accept 14 year old volunteers to work independently without parental or adult supervision.
- 3) What should the policy be for working with court ordered workers?
- 4) Does the City want employees to volunteer?

Discussion was held regarding requesting volunteers to sign waivers during emergencies; making policies too restrictive and discouraging volunteers; agreed to set the age at 16 for youths, work with the police on court ordered workers and allow city employees to volunteer.

1st Quarter Work Program:

The 2009 work plan is comprised of three components:

1. Budget themes
2. Council priorities using existing staff resources
3. Emerging issues requiring the attention of city staff and/or resources

The City Council adopted a set of 2009 budget "themes". These "themes" were used to set funding priorities for 2009. In some cases the final 2009 budget provided for different levels of funding than discussed during the budget process. The 2009 work plan begins with the priorities set in the 2009 final budget.

Emerging issues are unanticipated tasks such as the FEMA flood restudy and economic stimulus grant opportunities. The work plan must be flexible enough to absorb unplanned tasks. While the City organization has been moving from being reactive to being proactive, there are many factors outside the City's control such as natural disasters that require the response of city staff and financial resources. The city has accomplished some significant tasks in the first quarter of 2009. The City worked on code scrubs to repeal and amend outdated sections of the code; adopted park regulations and revised the noise ordinance; moved forward with credit card payments; adopted public participation procedures and worked on the changes to the quasi-judicial role of the council; worked on the water, sewer and garbage rate studies; worked on the Sultan Basin Road and Wastewater Plant projects and developed a successful volunteer program.

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PUBLIC COMMENTS

Bob Knuckey: Commended the Council for the hard work they have done. The Council has a chance to make a point with rates and they could take the 1% utility tax off the rates. The volunteer agreement is okay but some people have an issue with the background check.

Frank Linth: He has discussed the homeless issue with citizens in the city and you don't see the homeless with dogs in other cities. There are issues with kids hanging around and an ordinance to prevent loitering around City Hall may help.

Jeffrey Beeler: The City should try to limit the rate increases to the minimum. Supports the cab tab fee for fixing roads in the future. Staff has done a good job of patching and getting grants.

COUNCIL COMMENTS

Davenport-Smith: Is in favor of limiting rate increases as much as possible but is concerned about the utilities paying for themselves.

Wiediger: The City needs the rate increase to keep up with the utility costs. The car tax would be tough at this time.

Slawson: The homeless are in other cities they just don't hang around city hall. The car tab increase would be decided by the public. It is better to provide small rate increase now instead of large increase later.

Mayor Eslick: Background checks are required for people working with children under the age of 16.

Adjournment: On a motion by Councilmember Davenport-Smith, seconded by Councilmember Slawson, the meeting adjourned at 8:55 PM.

Carolyn Eslick, Mayor

Laura J. Koenig, City Clerk