

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

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ITEM NO: Consent C 2  
DATE: June 25, 2009  
SUBJECT: Council Meeting Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

**SUMMARY:**

Attached are the minutes of the June 9, 2009 Special Council meeting as on file in the office of the City Clerk.

**RECOMMENDED ACTION:**

Approve as submitted

**CITY OF SULTAN SPECIAL COUNCIL MEETING – June 9, 2009**

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

**ACTION ITEMS:**

**Union Settlement Agreement:** The issue before the City Council is to authorize the Mayor to sign a settlement agreement with Teamsters Local 763 representing Sultan's former police officers. Under the proposed settlement agreement, the City will pay 475.00 hours of sick leave at a cost of \$15,327.85.

Councilmember Blair moved to authorize the Mayor to sign the settlement agreement with Teamsters Local 763; seconded by Councilmember Slawson. Ayes: Slawson and Blair; Nays: Champeaux, Wiediger, Davenport-Smith, Flower, Beeler. Motion failed.

Deborah Knight, City Administrator requested the Council provide direction to finalize the settlement with the Union. The offer was based on input received from the Council and the Union has indicated they will go to arbitration.

Champeaux: Is willing to go to arbitration. He understands the risk but the City has given enough to the Officers.

Beeler: The Officers received sick leave credit as part of the job offer with the County. Only one Officer was impacted and would not oppose paying them as they don't have a job. This doesn't feel right. The current settlement is \$15,000 and it started at \$41,000; could arbitration cost more?

Slawson: One Officer retired and if he had stayed with the City he would have had enough sick leave accrued to receive pay. One of the Officers still does not have a job.

Blair: The PERC board is the same that makes the decisions for LEOFF and they favor the employees. The City will have legal fees if they go to arbitration. The Officers were required to go through the County testing process and that was an impact. She is upset with the Council action and doesn't see how spending additional funds on legal fees is in the best interest of the City.

Flower: The last Union contract gave a lot to the Officers and the feedback from them was negative. Paying them doesn't sit right with him as they have better positions and more opportunities now.

Deborah Knight: The City bargained in good faith and there will be impacts if they go to arbitration. Understands the Council position, however settlement is in the best interest of the City. If the Council does not want to change their vote, she will notify the Union of their decision.

Councilmember Flower moved to approve settlement; seconded by Councilmember Champeaux. Nays: Champeaux, Wiediger; Ayes: Slawson and Blair, Beeler, Flower, Davenport-Smith.

**CITY OF SULTAN SPECIAL COUNCIL MEETING – June 9, 2009****DISCUSSION ITEMS:****Wastewater Treatment Plant Funding Options:**

The issue is to evaluate the alternatives for funding installation of the centrifuge for the Wastewater Treatment Plant and to direct staff to bring a preferred option to the Council for action on June 11, 2009. The project is scheduled to start in July and be completed by October 2009. Additional financing needs to be secured by the end of June 2009.

Jane Towery, Piper Jaffray, provided an overview of the funding options.

The City needs approximately \$300,000 to complete the centrifuge for the Wastewater Treatment Plan. This would provide funds for the centrifuge, financing costs and contingency funds. The City also needs to complete the engineering design phase of the wastewater plant expansion. Staff recommends the line of credit for \$400,000 to cover any contingencies. The City would only draw funds as needed with Council approval.

The options, for discussion, available to the City include the following. Each has its pros and cons.

1. A public bond issue for the \$400,000 and refunding of some or all of the 1996 bonds.
2. A fixed rate bank loan for up to 10 years which would include the 1996 bonds if cost-beneficial.
3. A variable rate line of credit with a bank for 5 years, with 5-year renewal options, with or without the refinancing of the 1996 bonds. (This line of credit could be refinanced to fixed rate debt at anytime during these periods.)
4. A variable rate line of credit with take-out of permanent fixed-rate, publicly issued bonds, sometime within the next 3 years.
5. Interim financing with a bank line of credit, to be taken out by a USDA loan.
6. Don't borrow additional funds; use reserve funds and pay as you go.

Jane Towery discussed public bonds and the current market rate which is around 6%. The public market is cautious about underlying credit for bonds and the City does not have a bond rating and insurance is not available. The debt service to revenue ratio is used to determine the amount the City can borrow and the City could borrow \$1.1 million. This would provide the needed funds and refunding on the existing bonds. A negotiated line of credit with a bank would be the best option for the City. The line of credit has a variable rate that could be converted to a fixed rate if rates start to go up.

Discussion was held regarding current rates; the need to keep the annual payments at the same level of \$125,000; using existing funds and methods of replacing the funds for future needs; potential for state or federal funds; bonding capacity based on ability to pay; potential for a voted bond issue to complete the project. The Council discussed the centrifuge project and the cost benefits of completing the project. The design is at

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**WWTP Funding:** 50% and will be put on hold at that point. The City needs to move forward with the NEPA/SEPA process for the project.

Pat Dugan recommended the Council consider a double barrel bond (revenue bond voted by the people) as an option for funding the plant. Water/Sewer bond ratings are difficult to get. They could pay the bonds with the rates and use the assessed tax as a fall back for payment.

The Council consensus was to move forward with the line of credit and if the rates start to increase, convert to a fixed rate loan.

### **Transportation and Park Impact Fees:**

Staff is seeking direction from Council on amending transportation and park impact fee regulations in Chapter 16.112.020 Sultan Municipal Code as discussed during the 2008 Revisions to the 2004 Comprehensive Plan.

This report evaluates four specific policy questions presented to the City Council on May 14, 2009 related to potential amendments to the City's development regulations:

1. When can impact fees be paid? Currently paid at time of building permit.

*Does the Council want to evaluate and consider changing when impact fees "vest" or can be paid?*

2. How should traffic impact fee credits be managed?

*Should the city reinstitute a policy and development regulations to allow developers to carry-forward transportation impact fee credits?*

3. Should impact fees be based on proximity to Sultan's "core"?

*Should developments in different areas of the city pay different fees?*

4. Should on-site recreation facilities be credited against park impact fees?

*Does the City Council want to provide impact fee credits for recreation facilities and trails which are designed to serve the neighborhood or connect to a larger system?*

Pat Dugan briefly discussed tot lots. The impact fee would be higher if the tot lots were allowed. The City has a lot of land but not for a community park and the level of service was lowered to one park instead of two community parks. Tot lots are not considered in the calculation for impact fees for the community park and are not included in the park system. The City could reduce the fee by changing the way tot lots are treated and reducing the number of parks.

Due to time constraints, the Council discussed policy question 1 and deferred the rest to a future workshop.

1. **When can impact fees be paid:** The council can chose to allow payment of the fees at any time – preliminary plat; final plat or building permit. They could allow a

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**Impact Fees:** developer to vest the fees at a certain point in the development process. The City could collect the fees and hold the money until construction time for parks. If vesting is allowed, no money is collected until the time of payment. The City could offer options to developers to allow them to pay the fees before increases go into effect similar to the way water/sewer connections payments are allowed.

**Flower:** The City impacts developers when fees are increased as they financed the plat based on the fees at the time of applicable.

**Champeaux:** Should require payment when they vest. The developer based their costs on the market and when it goes south, they can't sell and the impact fees go up. There needs to be something in the code to help protect the developers

**Blair:** If they are allowed to vest, they would pay at today's cost but if the City builds in six years, their costs would increase. The Council needs to know which developers might be vested. The land owner develops and possibly sells the project to the builder. They need to be able to determine if the project is feasible and must know the fees to do that.

**Slawson:** If there is building going on, the fees are paid by the developer but when times are lean, the citizens must pay the cost of projects. If they are vested and on don't go forward with the project, would they get their money back?

Discussion was held regarding pending developers and the impact of increase fees to their projects; structure impact fee increases; the need to tie the fees to the Comp Plan and an objection measure of calculation; when fees should be paid; lack of action by prior Council's and the impact on the current fees charged; transportation credits and the need to charge higher impact fees to cover costs; level of service impacts on fees and the need to be consistent with information provided to the developers.

**Water Rater Proposed Ordinance:**

The Council reviewed the water rate study findings and rate options at the Council retreat on March 21, 2009 and at the Council meeting on April 9, 2009. The City Council held a public hearing and took public comment at the Council meeting on April 23, 2009. At the Council meeting on May 14, 2009 the Council directed staff to set a special meeting on June 9, 2009 to continue discussion of the proposed rates.

The issue before the City Council is to discuss the water rate ordinances prepared for First Reading:

1. Ordinance No. 1043-09 adopts a five (5) year water rate structure for single-family, multi-family and commercial customers. New rates would be effective December 1, 2009; and increases the general facility charge (GFC) from \$5,254 to \$6,209 paid by new development to connect to the City's water system. The new charge would be effective December 1, 2009.

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2. Ordinance No. 1044-09 amends Sultan Municipal Code Chapter 13.12 “Water” to make housekeeping changes; and remove rates, fees and charges to Ordinance 1043-09.

Ordinance 1043-09 is based on the following:

1. Reducing the water “allowance for residential users from 600 cf/month to 300 cf/month.
2. Eliminating the water allowance of 600 cf/month for commercial and multi-family users
3. Increasing the GFC from \$5,254 to \$6,209 to meet the City’s long-term financial needs in the water utility.
4. Adopting a five (5) year water rate structure

The majority of the water customers use 300-800 cf per month. If the allowance is lowered from 600 to 300 the majority of the customers would be impacted. Those who use less water will supplement the high users.

Discussion was held regarding use a flat rate increase; impact to low water users; structure of the rate increases and the impact to business. The consensus of the Council was to bring back the ordinance with a straight percentage increase for all customers with an option to lower the monthly usage allowance for multi-families to 300 cf.

**Water/Sewer Connection Policy:**

The issue for the City Council is to review the proposed a water and sewer connection policy and giving staff direction to bring a policy/procedure to the City Council for adoption.

The City Council considered this issue on June 28, 2007 and September 27, 2007. The Council discussed the need to calculate a fair and equitable method of determining water and sewer connections between commercial accounts and residential service designation consistent with land use zoning.

Originally the need to have an adopted procedure/policy was through the Fallgatter/Kirkman IV, GMA Hearing Boards appeal. The original method was first come – first served which was not consistent with the 2004 Sultan Comprehensive of concentric circle and economic development first with residential development second.

As directed by City Council the staff asked Perteet Inc. to provide the demand analysis as part of the 2004 Comprehensive Plan, revision September 2008. Table TR-1, and the preceding paragraph provides the required demand analysis. The recommended need in 2012 is for 112 commercial Equivalent Residential Unit (ERU) to be set aside for commercial development. The recommended Commercial ERU for 2017 is 164 ERU.

Setting aside a larger number of connections for commercial growth maintains consistency with the City’s Comprehensive Plan. As the Wastewater Treatment Plant

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Design and Construction continues as financing is available, it allows for both commercial and residential development in a responsible manner in the City of Sultan. Fees will be due at time of preliminary plat approval and they would be required to pay 25% of the monthly fee.

Brief discussion was held regarding the time line for holding the right to the connection and when payment is due. Staff was directed to bring the policy back for Council action.

**Adjournment:** On a motion by Councilmember Champeaux, seconded by Councilmember Wiediger, the meeting adjourned at 9:30 PM.

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Carolyn Eslick, Mayor

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Laura J. Koenig, City Clerk