

**SULTAN CITY COUNCIL
AGENDA ITEM COVER SHEET**

ITEM NO: Consent C 1A

DATE: June 10, 2010

SUBJECT: Council Meeting Minutes

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

SUMMARY:

Attached are the minutes of the May 27, 2010 Council Meeting as on file in the office of the City Clerk.

RECOMMENDED ACTION:

Approve as submitted

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010

Mayor Pro-tem Slawson called the regular meeting of the Sultan City Council to order in the Sultan Community Center. Councilmembers present: Pinson, Davenport-Smith, Flower, Blair and Beeler. Absent: Mayor Eslick and Councilmember Wiediger

CHANGES/ADDITIONS TO THE AGENDA:

Consent – Move WH Pacific contract to Action; move minutes to action; move Ordinance 1078-10 to action.

PRESENTATIONS:

Cyd Donk – 10 Year Anniversary: Bob Martin presented a certificate to Cyd Donk celebrating 10 years with the City.

Student Representative: Mayor Pro-tem Slawson presented Certificates to Stephanie Morrill and Nic Gregg for their service as Student Representatives.

COMMENTS FROM THE PUBLIC:

Alisha: Represents the equestrian groups in Sultan that have been riding on the trails in Osprey Park for years. In 1979 the City passed an ordinance to prohibit horses in the park. Signs were posted and but no one had problems with the horses until recently when one person complained. When the trails became part of the park, the horses were no longer allowed. Would like direction to the staff to work with equestrian community to provide trails for horses.

Mike Hughes: Timberline Village – discussed how mobile home parks are treated as multifamily instead of single family. Their park has families of all ages and when the new rates were adopted mobile home parks were changed from single family units to mutli-family. The units are no different from other single family as they have the same size homes and yards. Multi families units do not have yards and use less water. The multi-family units only get 300 cf usage per month instead of 600 cf. Since they are the same type of unit, they can't get the water use down to 300 cf. Requested the Council consider changing them back to single family.

COUNCILMEMBER COMMENTS

Flower: He is part of a family of 10 children and they lost their father two years ago and this week they lost his mother to alzheimer's. Thanked everyone for their support in this trying time. He has accepted employment in Monroe and will be working evenings and with regret is resigning from the Council effect tonight. Thanked everyone for supporting him during the past 6 ½ years. All things happen for a reason and he is sure things will work out.

Pinson: Councilmember Flower - sorry for his loss and for his resignation. He will leave a gaping hole and it is hoped they find someone to replace him that stands up for individual rights as he did.

Stephanie Morrill: Thanked Councilmember Flower for his work on the Council. The Every 15 Minutes team went to a Prevention conference and presented their project. The group placed 2nd Place of 42 teams. 5 Sultan students went to state track and field finals.

Davenport-Smith: Councilmember Flower – sorry his for loss. He has set a great example and will be missed on Council.

Blair: It has been a pleasure to serve with Councilmember Flower even with the disagreements. Will miss his unique perspective and hopes things work out well for him. Appreciated the animal control report.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010

Beeler: He joined the Council because of Councilmember Flower. Supported him because he is level headed, has a unique perspective and helps add variety to the council and his opinion will be missed. Would be a great idea for staff to work with the equestrian groups. The decision was made due to damage caused but they also help maintain the trails. Mobile home parks have been part of the discussion on water rates however if you change one rate, it may impact the other rates. US Safety Coalition and WSDOT are looking at Rice road and US 2. Due to the reduce cost of projects there are extra funds available and the State is planning to put in a roundabout at the intersection instead of a light. This should slow people down but it could have an impact on the volume of traffic.

Slawson: He will miss the great debates with Councilmember Flower and that he was able to leave the issue was at the door when the meeting was over. Understands his need to work but he will be missed – thanks for the work on the Council. The SCT is reviewing the County planning policies and the unfunded mandates to from the state. Would like to look into the equestrian issues.

STAFF REPORTS: Written staff reports were presented: Planning Board minutes; Library Report; Community Transit Report; Community Development/Animal Control.

PUBLIC HEARING:

Grandview Developer Agreement: Mayor Pro-tem Slawson opened the Public Hearing on the Grandview Developer Agreement. See minutes under a separate report.

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 Beeler, the consent agenda was approved as amended. Pinson – aye; Slawson – aye; Davenport-Smith – aye; Flower – aye; Blair – aye; Beeler - aye.

- 1) Approval of Vouchers in the amount of \$40,659.43 and payroll through May 14, 2010 in the amount of \$66,847.47 to be drawn and paid on the proper accounts.
- 2) Adoption of Ordinance 1077-10 Repeal SMC 16.10
- 3) Adoption of Ordinance 1079-10 Lot Size Averaging
- 4) Adoption of Ordinance 1076-10 Accessory Dwelling Units
- 5) Adoption of Ordinance 1073-10 Repeal SMC 9.12
- 6) Set the June 5, 2010 Council Retreat Agenda
- 7) Authorization for the Mayor to sign a professional services contract with WHPacific Inc, not to exceed \$50,000 for projects with an estimated cost of less than \$300,000. This follows City of Sultan Resolution 09-12 identifying the small works roster guidelines according to RCW. 39.04.155
- 8) Authorization for the Mayor to sign a contract with Northshore Youth and Family Professional Service Contract (Teen Court Grant) in an amount not to exceed \$16,900.
- 9) Approval for staff to attend FEMA Training in Maryland in September.
- 10) Authorization for the Mayor to sign the addendum to the Interlocal Agreement with Snohomish County for Jail Services
- 11) Adoption of the Pin Policy and Resolution 10- 03 amending the fee schedule.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010**ACTION ITEMS:****Resolution 10-05 Business Recognition:**

The issue before the Council is to approve Resolution 10-05, a Resolution recognizing new and existing businesses in Sultan. There are a variety of businesses opening their doors in Sultan, ranging from retail, service oriented, web based, home occupation and industrial. The policy provides for consistently recognizing businesses at City Council meetings and in the community. Proposed Resolution 10-05 outlines the Business Recognition Program named "Business Spotlight".

On a motion by Councilmember Blair, seconded by Councilmember Davenport-Smith, Resolution 10-05, adopting a Business Recognition Policy for the City of Sultan was adopted. All ayes.

Resolution 10-04 Interfund Loan/Resolution 10-07 Authorization to Transfer Funds:

The issue before the Council is:

- 1) The adoption of Resolution 10-04 providing for an interfund loan from Fund 405 Water Reserve Fund to Fund 303 Street Construction to cover a negative balance in the 2009 Street Fund
- 2) The adoption of Resolution 10-07 to provide future administrative authority to the Finance Director (or designee) to make interfund loans as needed to keep funds solvent at the end of the fiscal year.

The past two years, the Street Construction Fund (303) has ended the year with a negative fund balance. The current balance in fund 303 is -\$75,697. This is the 13.5% match for the Sultan Basin Road project. The City has received notification from the State that approximately \$250,000 in funding from the Transportation Improvement Board (TIB) for the Sultan Basin Road may be available in June. This will provide the 13.5% matching funds for the project. If funds are not received from the State, the \$75,697 spent to date on the project will need to transfer from the General or Street funds to cover the negative fund balance.

At the end of 2009 staff found that they had made an error and that all the funds for the Sultan Basin Road project were federal and could not be used for the 13.5% match. There was no state money for match. Staff made a mistake and have taken steps to ensure this will not happen again in the future. Internal changes have been made to prevent the problem in the future. On behalf of staff, Deborah Knight, apologized for the error.

There are two choices for the council – an interfund loan or no action. The city has received audit findings in the past for negative funds and the major impact is the perception of the community and the trust relationship with the staff. The loan would be paid from funds received from TIB although there is no certain agreement yet. If the interfund loan is completed and the city does not receive funds from the state, they will have to pay back the loan from some other source.

Discussion:

Concern about prior interfund loans that were not paid back in a timely manner; concern about the options if funding is not received from the state; lack of impact funds for the project; impact of audit findings on future grant applications and the community; need for staff to address the funding issues prior to the end of the year; payment to vendors when funds are not available. It was the consensus of the council to leave the Street Construction fund with a negative balance at the end of 2009 and risk an audit finding.

On a motion by Councilmember Flower, seconded by Councilmember Blair, Resolution 10-04 was not adopted and the City will leave the fund in a negative balance for 2009 and risk an audit finding. All ayes,

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010

Resolution 10-07 authorizes the Finance Director to make interfund loans as need to keep funds solvent. As with any interfund loan, a repayment source must be identified and budget amendments may be necessary. This is a recommendation from Camille Tabor (formerly with the State Auditor) to prevent negative fund balances at the end of the fiscal year. The problem general occurs with construction funds that have expenditures in one fiscal year and receive reimbursements in the next fiscal year.

Brief discussion was held regarding the need to bring the issue to the council for action when it is apparent there is a problem.

On a motion by Councilmember Blair, seconded by Councilmember Beeler, Resolution 10-07 to provide administrative authority to the Finance Director (or designee) to make interfund loans as needed to keep funds solvent was not adopted. All ayes.

Resolution 10-06 Grandview Developer Agreement:

A Public Hearing was held early in the meeting. The issue is to adopt a Development Agreement with Grandview Inc. to accept three-feet of property for future widening of Sultan Basin Road and delaying payment of Impact Fees for construction of a single-family residence from the time of issuance of the Building Permit to the time of issuance of the Certificate of Occupancy.

On a motion by Councilmember Beeler, seconded by Councilmember Blair, Resolution 10-06, Adopting a Developer Agreement with Grandview Inc. establishing mutually beneficial development conditions for construction of a single-family residence at 13630 Sultan Basin Road was adopted. All ayes.

WHPacific Contract Supplement #4:

The issue before the Council is supplemental #4 to the contract with WHPacific to provide additional engineering design and right of way acquisition services to the city of Sultan for Sultan Basin Road Phase III. At the May 13, 2010 Council approved changing the design to save approximately \$685,000. Direction was given to staff to proceed with changing the footprint design on South Sultan Basin Road from walls to slopes and omitting pedestrian facilities on the east side of the road. Thus, creating a change in scope of work and revised fee estimate with WHPacific, the cost estimate to revise the plans, specifications not to exceed \$117,000.

Discussion was held regarding: placing the project on hold until funding is available; design change from using walls to slope to provide future options for improvements; issue with truck access; multi-year project with different alternatives presented and considered; whether there are any cost savings with design changes; project has been supported by the City and the community; property acquisition needs for different designs; need to obligate federal funds.

On a motion by Councilmember Flower, seconded by Councilmember Blair, Authorization for the Mayor to sign contract supplemental #4 with WHPacific to provide additional engineering design and right of way acquisition services to the City not to exceed \$117,000. All ayes except Councilmember Pinson who voted nay.

Minute Approval: Councilmember Pinson requested his votes on the Sultan Basin Road project and the flag be corrected to note he voted nay.

On a motion by Councilmember Pinson, seconded by Councilmember Davenport-Smith the May 13, 2010 Council Meeting Minutes were adopted as amended. All ayes except Councilmember Flower who abstained.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010**Ordinance 1078-10 Business License Amendment:**

The issue before the Council is the adoption of Ordinance 1078-10 to revise Chapter 5.04, Business License to include regulation of peddlers and solicitors. The ordinance was introduced for a first reading on May 13, 2010. The council requested Section 5.04.085 be changed to be titled "License" instead of "Permit". The change has been incorporated into the final ordinance. On a motion by Councilmember Pinson, seconded by Councilmember Davenport-Smith, Ordinance 1078-10 Business License Amendment was adopted. All ayes except Councilmember Beeler who abstained.

DISCUSSION**Paving 140th Street:**

The issue before the city council is to consider an opportunity to repair 140th Street through a public/private partnership. The city would contract with Snohomish County to repair the street. The county estimates the cost would be approximately \$19,000. The private party is willing to pay up to \$10,000 of the cost. The city would be responsible for the remaining costs unless additional partners are found.

The county has verbally agreed to participate in the repair work – there is no written agreement with the parties yet. The city does not have funds available for the project. The city sold the police firearms and there is about \$4,500 available from that source. The private property owner may want to change is contribution.

140th Street SE is located off of Rice Road (339th Avenue) at the edge of the city limits to the north of the Botting properties. The annexation agreement between the city and the county which incorporated the Botting properties is unclear about whether the road is inside or outside the city limits. The city believes the road is within the county and the county believes the road was annexed by the city.

Since the area was annexed more than a decade ago, the city has provided very limited maintenance to 140th St SE because the road does not serve any properties within the city limits. There are several residents who live outside the city limits who use 140th St SE to access their properties. The only way for the county residents to access their properties is via 140th St SE.

At one time, 140th St. SE was a paved road. Because of frequent flooding along Wagley Creek and lack of regular maintenance the road has deteriorated to the point where it is practically impassable. County residents frequently complain about the road condition and lack of maintenance to the city and to the county.

Discussion was held regarding ownership of the road due to lack of clarity in the legal description in the annexation; need to determine who owns the road to determine who is responsible for maintenance; number of families served by the road that live in the county; paving half the road or reducing the road to one lane; spending city funds to repair a road that serves county residents; county developments accessed by city streets; County Councilmember Somers is interested in participation in the project.

Staff was directed to prepare the contracts for council consideration and action.

Councilmember Flower left the meeting at 9:15 PM.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010**Mobile Home Park Water Rates:**

The issue before the Council is to review the current water rate structure for mobile home parks. Upon completion of the water rate study in 2009, a new rate structure was implemented which resulted in residential water customers incurring a \$2.84 raise in their base water rate while maintaining the same monthly water allowance of 600 c.f..

Mobile home parks and multi-family dwellings (more than 2 units) had their base water rate reduced by \$0.73 and also had their monthly water allowance reduced from 600 c.f. to 300 c.f. Several mobile home park owners have contacted the City with concerns that the new rate structure is not a fair and equitable for residences in a mobile home park. The mobile park owners feel their units are similar to single family residences.

Discussion was held about the rate structure and consideration given to mobile home parks during the last rate study. Single meter for the park does not provide an incentive for residents to conserve water or repair leaks. The mobile home park owners could choose to provide a meter to each unit. There was no direction to staff to make any changes to the rate structure at this time.

1st Quarter Financial Report:

The revenue and expenditure in the funds are within budget for the first three months of the year. Property tax revenues are not received until late April and May are expected to be under the anticipated 25% for the first three months. The City received \$25,717 in property tax revenues in the General fund (4.4%) during the first quarter. Building permit revenues for structure permits were \$2,174 (20.71%) and for miscellaneous permits were \$1,365 (26.64%). There were two new water connections and one new sewer connection during the 1st quarter. These monies are being used for debt service payments. The City received \$4,100 from the sale of the Police Department weapons. The proposal is to use the funds to pay part of the cost for improvements to 140th Street.

The council asked for additional information on the liquor taxes, miscellaneous income and property taxes.

2011 Comp Plan Update – Population Projections:

The issue before the city council is to review the alternatives for the population projection for the 2011 Comprehensive Plan Update and provide direction to staff.

There are three alternatives presented in this report:

1. Keep the population projection at 11,119 and the 2025 planning period. This approach is consistent with the Growth Management Act and 7-year update.
2. Keep the population projection at 11,119 and extend the planning period to 2030. This in effect slows the rate of growth and the population projection for 2025.
3. Extend the planning horizon to 2030 and increase the population projection based on the Puget Sound Regional Council Growth Strategy.

The future population projection is the foundation of the comprehensive plan. The 2004 comprehensive plan is built on a projection of 11,119 people by the year 2025. The population projection is used to establish land use, future zoning, levels of service, financing strategies, capital facility investments, and other planning efforts. The city must establish the population projection before beginning any other technical planning efforts.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010**7-Year Comprehensive Plan Update**

The city has started the 7-year update to the 2008 Revision to the 2004 Comprehensive Plan (2004 Plan). The city council has directed staff to focus the 7-year update on aligning the city's comprehensive plan goals and policies with the multi-county planning policies (MPP) and countywide planning policies (CPP).

The approach is to amend the comprehensive plan goals and policies during the 7-year update. This will lay the foundation for changes to the future land use map and zoning during the 10-year update. The 10-year update is scheduled to begin in 2012 with final adoption in 2015.

10-Year Comprehensive Plan Update

The 10-year update is the time when Snohomish County and the cities within the county jointly plan for new population allocations provided by OFM population projections for counties. Unlike Pierce and King Counties, Snohomish County has decided not to develop population allocations for the 7-year update (Attachment A). Instead the county proposes to provide "*early, preliminary indication[s] of potential growth to 2035.*" The county's "preliminary indications" won't be available until the third or fourth quarter of 2010.

Discussion was held regarding the population allocation by PSRC and that the city cannot change the numbers; dispute Snohomish County has with PSRC regarding the allocations; need to set the population numbers in order to move forward with the comprehensive plan update; UGA changes to allow commercial development outside the flood plain; population is addressed in the MPPs and CPPs. The city will use the 7 year updates.

Trail Connection – Osprey Park to Riverfront Park:

The issue before the city council is to discuss the proposed trail connection adjacent to the Sultan River between River Park and Osprey Park. The trail connection is included in Park Element of the 2008 Revision to the 2004 Comprehensive Plan. There is community interest in securing easement access for the trail.

A group of citizens, led by Susie Hollenbeck, have been working to clean and maintain River Park. This effort has resulted in growing interest in the informal trail system between River Park and Osprey Park. Members of the community would like to move forward with planning the trail and securing public access easements. The project is in the city's 2008 Revised Comprehensive Plan. The project is not listed in the six-year capital improvement plan. There is no funding identified for planning and acquisition. The project is not included in the 2010 capital budget or the 2010 work plan. It might be possible to secure grant funding through a non-profit organization such as the Stilly-Snohomish Task Force. Staff needs direction from council before working with citizens, non-profits, and property owners.

Staff was directed to move forward and included the project in the Capital Plan.

Council Comments

Davenport-Smith: Would like to go on record that she feels that the staff is competent and good at what they do and understand their jobs. Government transparency is paramount. Thank them for their work.

Nic Gregg: Agreed with the Council regarding the treatment of mobile homes.

Slawson: The Student Representatives will be missed – they had good input. Reminded the Council of the June 3rd special meeting and the June 5th budget retreat.

Beeler: Thanks for the discussion on the Sultan Basin Road project.

CITY OF SULTAN SPECIAL COUNCIL MEETING – May 27, 2010

Blair: Appreciates the comments about staff. She did discuss the audit issue with staff a couple of weeks ago. We can all learn from mistakes and develop policy to prevent them in the future.

Stop the Clock: On a motion by Councilmember Blair, seconded by Councilmember Davenport-Smith the clock was stopped at 10 PM. All ayes.

Executive Session:

On a motion by Councilmember Blair, seconded by Councilmember Davenport-Smith, the council adjourned to executive session for ten minutes to discuss property acquisition. All ayes.

Adjournment: On a motion by Councilmember Beeler, seconded by Councilmember Blair, the meeting adjourned at 10:25 PM. All ayes.

Steve Slawson, Mayor Pro-tem

Laura J. Koenig, City Clerk