

CITY COUNCIL WORKSHOP

April 3, 2012  
5:30 P.M.

MINUTES

City of



"Where Dreams Can Soar"

*The City of Bonney Lake's Mission is to protect the community's livable identity and scenic beauty through responsible growth planning and by providing accountable, accessible and efficient local government services.*

*Website: [www.ci.bonney-lake.wa.us](http://www.ci.bonney-lake.wa.us)*

**Location:** Bonney Lake Justice Center, 9002 Main Street East, Bonney Lake, Washington.

**I. CALL TO ORDER** – Mayor Neil Johnson, Jr. called the workshop to order at 5:31 p.m.

**II. ROLL CALL:**

Administrative Services Director/City Clerk Harwood Edvalson called the roll. In addition to Mayor Johnson, elected officials attending were Deputy Mayor Dan Swatman, Councilmember Mark Hamilton, Councilmember Donn Lewis, Councilmember Randy McKibbin, Councilmember Katrina Minton-Davis, Councilmember Jim Rackley, and Councilmember Tom Watson.

Staff members in attendance were City Administrator Don Morrison, Public Works Director Dan Grigsby, Community Development Director John Vodopich, Chief Financial Officer Al Juarez, Acting Lieutenant Kurt Alfano, Administrative Services Director/City Clerk Harwood Edvalson, and Records and Information Specialist Susan Duis. City Attorney Jim Dionne arrived at the Workshop at 5:38 p.m.

**III. AGENDA ITEMS:**

**A. Discussion:** AB12-49 – Resolution 2199 – Eastown Sewer ULA and Latecomers Agreement.

Public Works Director Dan Grigsby presented the costs of the ULA and how costs can be allocated to parcels in the benefit area. He said the next step is a public meeting with property owners, then a public hearing before the City Council. He said the City would enter into a Latecomers Agreement with the Eastown LLC, and the various properties in Eastown would be notified what their fair share is for their property for the sewer system. He said the Council can decide details about a revenue bond later in the process.

Director Grigsby reviewed parcels in the ULA benefit area. He said two parcels that are not likely to be redeveloped were removed, specifically the old Lumberman's lot and Centennial Storage. Councilmembers requested that the Lumberman's parcel be added back into the benefiting parcel list as it is currently closed and could be redeveloped.

Director Grigsby explained that he calculated the square footage that property owners would lose to future planned roads in Eastown, and removed this amount from the property size for parcels where the City plans to build public roads. He said the square footage for the planned roads is based on a 57-foot wide road, multiplied by the length of the road on each affected parcel.

Director Grigsby reviewed the preliminary cost summary. He said that per the draft ULA agreement, the Eastown LLC must pay 5% of the engineer's estimate for construction of the project, or about \$201,105. He said the municipal code currently requires a 10% administrative fee for a latecomer agreement, so the code could be amended to allow a lower fee if the Council supports this amount.

He said the revenue bond for the project would be about \$4.5 million. Once the ULA is actually signed the assessment roll and per-property fees will be locked in. Based on the initial calculations the benefiting properties total about 153 acres, with a cost of \$33,530 per acre. He said these estimates will change if any properties or costs are added or removed. As the properties in Eastown are developed, a portion of the fees would be paid back to the Eastown LLC to repay the 5% ULA fee.

Mayor Johnson thanked Director Grigsby for his hard work on this project, and said Eastown property owners are eager to move forward. He asked the Council if they support the proposed methodology and if they had any questions.

Deputy Mayor Swatman said he spoke with property owner and Eastown LLC member Roger Watt, who said the LLC has the funds ready for the ULA fee. Mayor Johnson said the draft ordinance sets a 30-day timeline for the Eastown LLC to come forward with the required fee. Councilmember Lewis asked about the status of required easements. Director Grigsby said all but one easement are complete and recorded. Councilmembers Lewis and Watson said they support the proposed ULA agreement and 5% fee.

Councilmembers discussed the revenue bond process with the Public Works and Finance Directors. Director Grigsby reiterated that the next step in the process is to set up a public meeting to present this information to property owners and answer questions, after which the Council should hold a public hearing. Following this, the Council would need to lock in and approve the Utility Latecomer Agreement with the Eastown LLC. Upon approval of the ULA, each property owner would be notified of the official latecomer fee for their property. He said the ULA will be recorded with Pierce County so it appears on the property title and ensures the City will be reimbursed when the properties are developed.

Councilmember McKibbin said only some property owners are members of the Eastown LLC. He also noted that property owners do not pay latecomer fees until the property is sold or developed. Councilmember Minton-Davis said the latecomer agreement expires after twenty years, after which owners would not be required to pay latecomer fees. Director Grigsby said the maximum period for ULAs was previously 15 years, but the State changed its laws in 2011 to allow up to a 20-year period.

Mayor Johnson said that, based on the Council's input, staff would re-insert the Lumberman's property in the preliminary assessment roll and continue moving forward with the process. Council consensus was to forward discussion to the next Meeting if items were ready for action. Director Grigsby said information on the revenue bond might not be ready by the next meeting, but he would keep the Council informed.

Deputy Mayor Swatman said he is concerned that the Eastown LLC group will not have the funds on hand to pay the ULA fee, and he does not want to hold a Public Hearing until everything is ready to move forward.

**B. Discussion: AB12-46 – Ordinance D12-46 – 2011 Design Standards Updates.**

City Engineer John Woodcock said the Council last approved revisions to these standards in 2009 per Ordinance 1335. He said 35 revisions have been made to the standards since that time. The updates include textual revisions and new design standards and details.

Councilmember Rackley asked about ponding in the sewer system. City Engineer Woodcock said if the sewer pipes are not laid correctly ponding can occur, so the City

checks for these issues during inspections. Council consensus was to forward the proposed ordinance to the April 10, 2012 Meeting for action.

C. **Review of Draft Minutes:** March 20, 2012 Workshop.

The minutes were forwarded to the April 10, 2012 Meeting for action with no corrections.

D. **Discussion:** [Tabled from March 20, 2012 Council Workshop] AB12-44 – Ordinance D12-44 – Amending BLMC Chapter 13.12 Relating to Sewer SDCs.

City Administrator Morrison said even if the Council chooses not to reduce SDC rates, he encouraged them to amend the code related to tenant improvements. He said SDC fees are sometimes calculated for multiple tenant improvements, and it is difficult for staff to track the SDC fees paid over the years. He said it also causes issues for business owners who are surprised to learn they must pay additional fees when moving into an existing space. He said the proposed ordinance would require SDC fees to be calculated for the initial construction (core and shell) and the first two tenant improvements, but not for any subsequent tenant improvements.

Mayor Johnson said the sewer fund currently holds roughly \$7 million, which includes funds set aside for the proposed Public Works facility. Director Grigsby said the City's share for the Sumner Waste Water Treatment Facility design phase is about \$700,000 to \$800,000, and the cost for the construction phase is estimated at \$6 to 7 million.

Councilmember Watson said a fee reduction could help reduce the number of empty lots in the City. Councilmember Hamilton said with projects like Eastown coming forward it is not a good time to reduce any utility revenues. Deputy Mayor Swatman said the City needs to look closer at projects and decide on reductions from the expense side.

Mayor Johnson said \$1.6 million in SDC funds were used for operations and maintenance (O&M) projects in the past year. He gave an estimate of how different fee reductions would impact revenues. He said the Council has delayed utility rate increases for a long time, and said one option would be to reduce SDC rates but then increase sewer utility rates. He also said he supports eliminating higher water consumption charges for the summer utility rates.

Councilmember Hamilton said he believes the sewer and water funds could be combined instead of being accounted separately, allowing one utility could help the other. He said there is a perception that Bonney Lake is not competitive for development, and the biggest costs come from utility fees. He said other cities are putting increased costs on ratepayers, and Bonney Lake could consider raising utility customer rates as well. Councilmember Rackley said the City performed studies to determine the current rates. He added that current residents are not likely to want to pay more for their utilities to help new people move into the City. Councilmember Minton-Davis said development should pay its fair share. However, she said some SDC funds are already being used for O&M projects, which benefit all customers.

City Administrator Morrison said the Council has rejected utility rate increases at least twice in the past, even though the City's consultants recommended increasing rates to fund replacement costs for the aging system. He said someone could make the case that

high SDC rates are supporting the existing rate payers and keeping utility rates low. He said it may be time we look at the system costs again.

Councilmembers continued discussing the impacts of utility rates, O&M project costs, and SDC fees. Councilmember Watson said the City needs to show developers it is anxious to attract businesses. A majority of the Council supported the tenant improvement amendment proposed by the City Administrator.

Councilmember Minton-Davis asked how the current fee structure was set. Director Grigsby provided a history of past studies and Council decisions from 2006 to the present. He said the City's consultants recommended higher sewer and water SDC rates than are currently in place. Deputy Mayor Swatman said the Council cannot make arbitrary decisions and must base these rates on the actual numbers.

Mayor Johnson asked for the Council's opinion on the proposed sewer reduction and tenant improvement amendment. Council consensus supported the tenant improvement amendment. Councilmembers Watson, Minton-Davis and McKibbin expressed support for the SDC rate reduction. Councilmembers Hamilton, Rackley, and Deputy Mayor Swatman said they do not support reducing SDC fees. Council consensus was to forward the tenant improvement amendment to the April 10<sup>th</sup> Meeting, without any reduction to water SDC rates.

Councilmembers and staff members discussed SDCs for sites that undergo multiple tenant improvements. Director Grigsby said the current fee structure was based on input from developers, who felt the fees for core and shell construction were too high. He said SDCs are normally only required when a restaurant or Laundromat moves into an existing unit. He said the same rules apply to all businesses.

The proposed ordinance was forwarded to the April 10, 2012 Meeting as amended.

**At 7:13 p.m. the Mayor recessed the Workshop for a 10-minute break. The Workshop resumed at 7:28 p.m.**

- E. **Discussion:** [Tabled from March 27, 2012 Council Meeting] AB12-45 – Ordinance D12-45 – Temporary TIF Reduction.

Deputy Mayor Swatman and Councilmembers Rackley, Watson, McKibbin, Minton-Davis, and Lewis spoke in favor of the proposed ordinance. Councilmember Lewis said he will be out of town for the April 10<sup>th</sup> Meeting, but he also supports the ordinance.

Councilmember Hamilton said he does not support the proposed TIF reduction. He said he questions whether the ordinance will be helpful and he is not convinced that high development costs have actually stopped businesses from coming to Bonney Lake. He said businesses that want to move to Bonney Lake will do so regardless, and get a discount as well.

Councilmember Hamilton said capital facilities projects are the biggest factor in determining TIF fees, and it makes more sense to reduce the project list than to simply reduce fees. He said even with a 25% discount, Bonney Lake would still have the second-highest fees in the area.

Mayor Johnson said regardless of what the Council decides to do about fees, they should plan to review the traffic project list and be more realistic. He said some projects have been on the project list for years and are not likely to be completed any time soon. Councilmember Lewis agreed that the project list should be reduced. Mayor Johnson said it is important to strike a balance. He noted that the City of Sumner has lower fees, but is also having trouble maintaining roads in its industrial areas.

Councilmember Grigsby said Bonney Lake's project list is based on conservative estimates for funding sources. He added that other cities are more fully-developed, while Bonney Lake has several multi-million dollar intersection projects that need to be done in the future. He said cities like Sumner don't have to deal with the same scale of project as they are not growing. He added that TIF-funded projects also allow the City plan for the future rather than reacting to problems when they occur.

City Administrator Morrison said the City Attorney has advised him that the proposed ordinance should be amended. The proposed elimination of fees for projects that create less than 1.1 average evening trips appears to differentiate between commercial and residential projects, according to the Attorney's office. City Attorney Dionne said this proposal would exempt some types of projects and could make the ordinance potentially arbitrary in its application and therefore subject to legal action.

Councilmembers said they supported the original language and discussed options with the City Attorney. City Administrator Morrison said that only a very small business would meet the 1.1 average p.m. trips threshold, so in effect the reduction only applies to single-family residential units, which is not equitable. Councilmember Hamilton said one way to reduce costs for single-family homes is to place a moratorium on the recent fire sprinkler requirement. Deputy Mayor Swatman said he understood that this ordinance would reduce TIF fees for all projects by 1.1 p.m. trip, which is a different interpretation than the City Attorney's.

City Attorney Dionne said any exemption for TIF rates must be justified for broad public purposes and must meet a higher standard. He said exemptions for projects such as low income housing could be given a discounted rate. He said even so, any funds the City loses through rate reductions must be made up somewhere else. He said he could work on revised wording that provides the discount like Deputy Mayor Swatman described, and applies to all types of development. Councilmember Minton-Davis suggested that the ordinance be revised to read that all projects receive a reduction of 1.1 p.m. trip in their rates. City Attorney Dionne said he and his staff would work on amended language to bring forward for Council review at the upcoming Meeting on April 10<sup>th</sup>.

**F. Council Open Discussion:**

School Districts: Councilmember Lewis said the Sumner School District Senior Boards are scheduled on May 16 and May 17, and asked Councilmembers to participate. Councilmember Rackley said he participated for the first time in 2011 and highly recommends it. Mayor Johnson said the senior projects are much different this year, and focus more on community service. Administrative Services Director/City Clerk Edvalson said the White River School District is also seeking volunteers for their senior boards on April 17 and 18, 2012, and he will be participating.

Economic Development: Mayor Johnson said he and Councilmember McKibbin attended the International Council of Shopping Centers convention in Las Vegas several years ago

as members of the Chamber of Commerce. He said many cities have booths at the convention, which is also attended by many developers and national retailers. He said he would like to attend this year's conference on May 20-23, 2012, and bring along Councilmember McKibbin and Community Development Director Vodopich. He said this proposed travel is not in the budget, and asked the Council for their approval to attend. He said the City would not set up a booth this year, but they would take part in events and meet with as many developers and retailers as possible. Mayor Johnson said he will provide more information and the convention schedule to Councilmembers. City Administrator Morrison said the City could become a member and would receive updates and a magazine, plus access to a database and recordings of conference sessions.

**Councilmember Rackley moved to authorize Mayor Johnson, Councilmember McKibbin, and Community Development Director Vodopich to attend the ICSC Conference on May 20 to May 23, 2012. Councilmember Hamilton seconded the motion (AB12-61).**

**Motion AB12-61 approved 7 – 0.**

Public Transit: Councilmember Watson said he recently gave a young man a ride to Puyallup who told him how difficult it is to get around without a car. The young man said there is no bus, making it difficult for him to make it to his appointment, and when he rode his bike he got a ticket in Puyallup for not wearing a helmet.

Senior Housing: Councilmember Rackley said he was approached by a developer who is interested in building permanent, low-income senior housing in Bonney Lake. The project would qualify for some federal funds and the developer is seeking reduced costs. Community Development Director Vodopich said the developer would probably be happy to present information on his proposal to the Council. Councilmember Rackley said he will work with the developer to set up a time for him to present more information at a future workshop.

Council Salaries: Councilmember Rackley said the Council's last raise to a \$400 salary is worth only about \$284 in today's dollars. He asked if there was support on the council to assemble a Salary Commission to consider Council salaries. Mayor Johnson reminded Councilmembers they can submit for mileage reimbursement when they drive around for city business. He said an ordinance was approved years ago allowing the Mayor to form a Salary Commission, but there has not been enough interest from the Council to do so. A majority of Councilmembers did not support forming a commission. Councilmember McKibbin said the Mayor should receive a raise.

CUGA Annexation: Deputy Mayor Swatman asked for updates on the appeal of Pierce County's denial of the proposal to annex the Comprehensive Urban Growth Area (CUGA). City Attorney Dionne said the City must appeal by April 19<sup>th</sup>; City Administrator Morrison said it does not seem to be worthwhile to appeal the decision further at this time. Director Vodopich said the court upheld the decision to deny the annexation, and he agrees there is not much value in another appeal at this time. He said the decisions stated that Bonney Lake did not pursue joint planning with the County prior to the application. He said he will be meeting with Pierce County Planning and Land Use staff to start discussions on joint planning soon. The City is also updating the Transportation Element of the Comprehensive Plan to include the CUGA and southern service areas. He said the City can re-apply at any time, but until joint planning and these

amendments are complete the County would continue to fight it.

**IV. EXECUTIVE SESSION:**

Pursuant to RCW 42.30.110(1)(i), the Council adjourned to an Executive Session with the City Attorney at 8:23 p.m. for 10 minutes to discuss current litigation. No action was anticipated following the executive session. The Council returned to chambers at 8:31 p.m. No action was taken.

**V. ADJOURNMENT:**

**At 8:31 p.m., Councilmember Watson moved to adjourn the Council Workshop. Councilmember Rackley seconded the motion.**

**Motion to adjourn approved 7 – 0.**

  
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Harwood Edvalson, CMC  
City Clerk

  
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Neil Johnson, Jr.  
Mayor

Items presented to Council at the April 3, 2012 Workshop: *None.*