

## CITY COUNCIL WORKSHOP

August 20, 2013  
5:30 P.M.

### MINUTES



*"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)*

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

**I. CALL TO ORDER** – Mayor Neil Johnson, Jr. called the workshop to order at 5:30 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, Assistant Police Chief James Keller, Administrative Services Director/City Clerk Harwood Edvalson, City Attorney Kathleen Haggard, City Engineer John Woodcock, and Records & Information Specialist Susan Duis.

**III. AGENDA ITEMS:**

**A. Presentation:** AB13-91 – Pierce County Sustainable Resources Administrator Steve Wamback – Regional Solid Waste Structure and Preparing for an RFP.

Mayor Johnson introduced Mr. Wamback, who provided a presentation on the background, history, and planning related to the Pierce County Solid Waste System, which serves most of the cities and towns in Pierce County. He said Bonney Lake has had an Interlocal Agreement with the agency since 1990. Mr. Wamback discussed future plans to reduce residential food waste going into landfills. Councilmembers asked about the policies and practices related to glass and plastic recycling, and alternative solid waste collection options. Mr. Wamback said he and his staff are available to assist the City with any solid waste collection questions. The Mayor and Council thanked him for his time.

**B. Council Open Discussion:**

Senior Van: Councilmember Watson asked about the status of the surplus Senior Center van. City Administrator Morrison said it is an item for discussion on the next Finance Committee agenda. Mayor Johnson said staff are working on a solution and will bring options back to the Council soon.

Renwood Multi-Family Project Update: Councilmember Watson asked for an update on the proposed Renwood apartment project. Mayor Johnson said the property sale is set to close in the coming week, and staff are currently reviewing options to upgrade area roadways. Councilmember Watson asked why the existing access road to SR410 cannot be used for the project; City Administrator Morrison said the roadway will be gated and used only for emergency access. Public Works Director Grigsby confirmed that the access road is too close to the traffic signal on Main Street to be a safe access point.

Election Costs: Councilmember Hamilton asked for clarification on the estimated and actual costs of the special election. City Administrator Morrison said staff budgeted for the \$26,000 election costs by reviewing prior election invoices to estimate how much a future election might cost.

Eastown Update: Councilmember Rackley asked for an update on the Eastown sewer projects. Public Works Director Grigsby said the Phase 1 contract for sewer lines under SR410 and down 96<sup>th</sup> St E has now been awarded and work is estimated to begin on September 3, 2013. He said the Phase 2 Lift Station and utility lines project is advertised to bid currently, with bids to be opened on August 28<sup>th</sup>. He said he expects the Phase 2 project will come before Council about a month later, and that both projects should be completed around April 2014.

C. **Review of Draft Council Minutes:** July 16, 2013 Workshop, July 23, 2013 Meeting, August 13, 2013 Meeting.

The minutes were forwarded to the August 27, 2013 meeting for action with several typographical corrections provided by Councilmember Lewis. Councilmember Watson noted that per the minutes, proposed Ordinance D13-82 was slated to return to the Community Development Committee for review before coming back to the full Council. Councilmember McKibbin said it was decided that it would be better to discuss the item at the Workshop as a full Council.

D. **Presentation/Discussion:** 6 Month Budget Status Update – Don Morrison, Al Juarez.

City Administrator Morrison asked the Council to focus on Version 3 for the purposes of discussion. He said that because it is unlikely that the City will refinance its debt in the next couple of months, it is not likely to be a factor in the current budget. Chief Financial Officer Juarez provided a brief explanation of the amounts provided in the mid-year budget report. He noted that it is problematic to view numbers halfway through the year, as revenues and expenditures cannot simply be doubled to get an accurate picture of the status of the budget. He noted that the City expects a surplus in 2013, but a deficit in 2014, for an overall deficit of approximately \$52,000 during the 2013-2014 biennium. He said the City must determine how to make up this difference by the end of the current biennium. Morrison said one-time revenues including the Renwood property sale and others will help balance the 2013 budget, but these funds will not continue into 2014 which leads to a deficit under the current budget.

Deputy Mayor Swatman noted that positions which remain vacant have not yet been factored into the biennium expenditures, which would reduce costs. City Administrator Morrison confirmed that is the case, and if positions remain unfilled this could be used to make up the difference. He said his understanding of the Council's position is that reserves should not be used to balance the budget.

Councilmembers discussed whether reserves should be applied to ongoing expenses. City Administrator Morrison noted that the current fund reserves are not particularly large, and that the fund balance is normally kept aside for capital projects or emergency needs. Councilmember Rackley said if the City annexes the County Urban Growth Area (CUGA) there would be one-time costs for increased staffing. Councilmember Watson said the Council would need to consider potential uses in more detail, such as additional staffing, parks, trails, etc.

CFO Juarez said the City must report cash balances to the auditor, which this report provides. He stressed that 2013 shows a positive cash flow. Deputy Mayor Swatman pointed out that looking at the June 30<sup>th</sup> figures it seems the revenues are down \$600,000, but these numbers do not present an estimate of the year-end revenues so the report can be misleading. CFO Juarez said he plans to insert a footnote explaining this issue for the mid-year budget report.

Councilmember Watson said the City of Redmond provides easy to use online reports on their budget status, and asked if Bonney Lake could provide something similar online. CFO Juarez said that Redmond has a robust finance department with IT support and a vendor is used for their online reports. He noted that the Bonney Lake Finance Department provides accounts payable information every two weeks to the Finance Committee, so some of this information is available online regularly. Mayor Johnson said he would look into the cost.

- E. **Discussion:** (Tabled from July 23, 2013) AB13-85 – Resolution 2311 – Adopting a Six-Year Transportation Improvement Plan (2014-2019).

City Engineer John Woodcock provided an overview of the projects on the six-year TIP, including several that are underway or in the planning stages currently. He noted that the 186<sup>th</sup> Avenue E corridor project has been an item of discussion, as the Renwood project development will impact these roadways. He said the Easttown public roads have been added to the proposed TIP as well, to provide a plan for the roads as the area is developed.

Mayor Johnson noted that the TIP is only a snapshot and estimate based on current projections, and that each individual project must still go through design, engineering, and right-of-way review and acquisition. He confirmed for Councilmember Lewis that cost projections are updated each year based on updated estimates.

Councilmember Hamilton noted that the outlook for federal funding is not good. City Administrator Morrison also noted that Real Estate Excise Tax (REET) funds are also important for recurring projects like chip seal, overlay, sidewalks, and street lights. As tax revenues decreased, this funding source has been negatively impacted in recent years.

Councilmember Watson asked whether the sidewalks requested by the Woodbriar Homeowner's Association at the last Council Meeting will be added to the TIP. City Engineer Woodcock said a project like this would be covered by Section C of the TIP. City Administrator Morrison and Mayor Johnson explained that the Non-Motorized Transportation Plan is part of the Comprehensive Plan, and includes projects such as sidewalks and trails. City Engineer Woodcock added that Category E of the TIP includes multimodal projects such as the Fennel Creek Trail, which is in progress.

By Council consensus, proposed Resolution 2311 was forwarded to the August 27, 2013 Meeting for action.

- F. **Discussion:** (Tabled from July 23, 2013) AB13-86 – Resolution 2312 – A Resolution Authorizing Investment of City Monies in the Local Government Investment Pool (LGIP), which is managed by the WA State Treasurer.

City Administrator Morrison explained that the LGIP is used by many cities and counties to store and transfer funds. The proposed resolution simply re-authorizes the program and

designates which staff have authority to transfer funds. CFO Juarez said the LGIP is used somewhat like a personal savings account, with the majority of funds held in the pool earning interest, and only transferred when the City needs to cut checks for accounts payable or payroll.

Councilmember Hamilton asked whether the interest earned in LGIP is redistributed out to each specific fund. City Administrator Morrison and CFO Juarez confirmed that the City tracks which funds put money into the LGIP and the earned interest is distributed back out appropriately.

Councilmember McKibbin asked whether the authorization could be for positions rather than specific people; CFO Juarez said the form requires actual names and signatures. He added that the LGIP has internal controls to ensure that any time one authorized staff person makes a transaction request, another person from the list must confirm that the transfer is authorized.

- G. **Discussion:** AB13-105 – Resolution 2322 – A Resolution Authorizing a Sewer Development Financing Contract and Utility Latecomer Agreement with Kahne Properties, LLC Re: Eastown Sewer Development.

Public Works Director Grigsby explained that the proposed agreement is separate from the Eastown Northern ULA, which is already recorded. This ULA would provide a connection to the Kahne property and their proposed apartment project, and would also provide sewer access to several parcels that currently do not have access. He said the City would contribute about \$90,000 for the project, or about 25% of the total cost. The costs would be repaid as other parcels hook into the new line over a 20-year period.

Councilmember Hamilton asked for confirmation that the ULA is related to a specific development project that will move forward once the ULA is in place. He said he is comfortable approving the ULA, if that is the case. Community Development Director Vodopich said Mr. Kahne has proposed a 175-unit apartment project and two pre-application meetings have been held, but no formal application has been submitted. Mayor Johnson said the project has stalled due to the lack of sewer availability, which this ULA would resolve.

Director Grigsby said that after the ULA is approved Mr. Kahne must submit \$346,000 to the City within 30 days in order to move the project forward. He said if the ULA is approved, the City will notify all affected owners of the latecomer fee to be assessed and give them an opportunity to appeal the fee. Next, the City will record the ULA. Once the project is done and total costs confirmed, the City will record assessment forms on each parcel. Deputy Mayor Swatman noted that latecomer fees are not assessed until a property is developed or a new home built.

Councilmember McKibbin spoke against the proposed ULA, and said public funds should not be used for the sewer extension, because the developer could complete the project himself. Deputy Mayor Swatman said the project could not be completed without the City's involvement as the developer could not get agreements to build across the properties.

Mayor Johnson asked for input from the City Attorney on binding a developer to a timeline for building permits. City Attorney Haggard said the City could require a developer's agreement separately to establish a timeline for the development project.

Deputy Mayor Swatman said the City is only putting down a small portion of the costs and he is not concerned about the level of risk.

Mayor Johnson agreed and said it is a cheap investment for future development, and will provide access to multiple other parcels besides the Kahne property. Director Grigsby noted that the owner of two parcels on SR 410, Mr. Babcock, also wishes to develop his property and will benefit from the sewer line. He said staff looked at two other alternatives and this solution is better as it uses a gravity line rather than a lift station. He confirmed for Councilmember Rackley that any legal costs related to easement acquisition would also be included in the ULA assessments.

By Council consensus, proposed Resolution 2322 was forwarded to the August 27, 2013 meeting for action.

H. **Discussion:** (Tabled from July 16, 2013) AB13-82 – Ordinance D13-82 – Water and Sewer Utility Charges, Billing and Collection Updates.

City Attorney Haggard reviewed the major revisions since the last review of this proposed ordinance, including a clarification that availability charges will accrue even when the service is not in use or disconnected; the circumstances under which a service may be disconnected; and several additional revisions to clean up the language.

Councilmember Watson asked why the City allows only one water leak adjustment in a two-year period, and why on-site inspection language was removed. City Attorney Haggard said this language was removed by utility billing staff. City Administrator Morrison said it has been the practice for years to allow only one adjustment in a two-year period. He said the current code states that the City would have to go out to the property to inspect and confirm the leak was fixed, and it is not clear this is a worthwhile use of staff time and funds. Councilmember Watson said the City should be flexible and help homeowners who might have multiple leaks in a shorter period.

Councilmember McKibbin pointed out that the proposed ordinance provides updated charges which are based on yearly adjustments and are not new increases. Director Grigsby confirmed this and said he provided an additional explanation in the packet based on questions from the CDC. He said the revised code includes the current rates, which are adjusted annually based on the Consumer Price Index (CPI), but no other rate increases are proposed in this draft ordinance.

By Council consensus, draft Ordinance D13-82 was forwarded to the August 27, 2013 Meeting for action.

I. **Discussion:** AB13-106 – Resolution 2323 - Approving a Lease with Landover Corporation / Coldwell Banker Bain for the City Hall Annex located on Main St. E.

City Administrator Morrison said the City has signed a letter of intent with Coldwell Banker Bain (CBB) to lease the old Annex building at 8720 Main Street East for use by the CBB information technology department. He said they are interested in a long-term lease of 10 years or more. Based on some Councilmember concerns that the property may need to be developed as part of the Downtown Plan, staff negotiated a 5-year lease with options to renew for two additional five-year terms. He said the price per square foot may be slightly lower than market rates but staff recognize that there are low tenant improvements required, and it is beneficial to have a long-term lease. He said, if the City

needed to find two or more new tenants over the same period, it could lose money. City Administrator Morrison confirmed that the City pays taxes on lease payments, but does not pay property taxes for this parcel.

Councilmember McKibbin said he is concerned about language for ADA accessible toilets and that it might impact requirements for the building. He asked that the word "ADA" be removed from the lease to avoid confusion. He also expressed concern that the City is not adjusting rent over a five-year period. He said usually commercial leases are adjusted annually.

City Administrator Morrison explained that staff felt it was worthwhile to have a long-term tenant at a single rate. Mayor Johnson noted that many of the CBB staff live locally so it is a good situation for all involved. Councilmember Watson said he has had experience with long-term contracts with no increases, and has no concerns about the proposed lease terms.

City Attorney Haggard confirmed that the proposed lease provides CBB with a five-year lease and a unilateral option to renew for another five-year term, at which point the lease rate can be renegotiated. She said both parties would need to agree to any renewals after that point.

Councilmember Minton-Davis said she has some concerns because the parcel is in the downtown area and does not fit with the long-term vision for this area. She said signage may be an issue as well. Mayor Johnson said the lease is a good use of a building that is available now.

By Council consensus, proposed Resolution 2323 was forwarded to the August 27, 2013 Meeting for action.

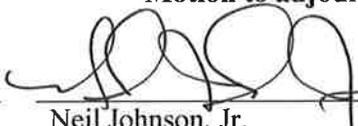
**IV. EXECUTIVE SESSION:** None.

**V. ADJOURNMENT:**

**At 7:52 p.m., Councilmember Rackley moved to adjourn the Council Workshop. Councilmember Watson seconded the motion.**

**Motion to adjourn approved 7 – 0.**

  
Harwood Edvalson, MMC  
City Clerk

  
Neil Johnson, Jr.  
Mayor

Items presented to Council at the August 20, 2013 Workshop:

- Chief Financial Officer Al Juarez – *Water Fund 401 Revenue, Expenditure Status Report* – City of Bonney Lake.

*Note: Unless otherwise indicated, all documents submitted at City Council meetings and workshops are on file with the City Clerk. For detailed information on agenda items, please view the corresponding Agenda Packets, which are posted on the city website and on file with the City Clerk.*