

CITY COUNCIL WORKSHOP

April 18, 2017
6:00 P.M.

MINUTES



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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 6:00 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 Randy McKibbin, Councilmember Justin Evans, Councilmember James Rackley, Councilmember Dan Swatman, and Councilmember Tom Watson. Councilmembers Donn Lewis and Katrina Minton-Davis were absent.

Staff members in attendance were City Administrator Don Morrison, Administrative Services Director/City Clerk Harwood Edvalson, Chief Financial Officer Cherie Gibson, Police Chief Dana Powers, Public Services Director John Vodopich and Assistant City Attorney Andrea Bradford.

Councilmember Watson moved to excuse the absence of Councilmembers Lewis and Minton-Davis from the meeting. Councilmember Rackley seconded the motion.

Motion approved 5 – 0.

III. AGENDA ITEMS:

- A. Presentation:** Water & Sewer Utility Rate and System Development Charges Study – FCS Group.

Angie Sanchez, Principal and Chris Gonzales, Project Manager with the FCS Group, addressed the Council with the aid of a PowerPoint presentation. Ms. Sanchez said in a utility rate study they want to ensure revenues are sufficient for needed expenditures. She said evaluation of the City's current position includes both direct and indirect costs. She added that their study established policy assumptions regarding operating reserve, capital reserve, system reinvestment and debt service coverage.

Councilmember Swatman asked why goals are expressed in fixed dollar amounts and not as a percentage. Ms. Sanchez responded that the fixed dollar amounts are based on industry standard percentages and expressed as a dollar amount to assist with the financial calculations. She continued with her presentation discussing the operating forecast, operating revenue projections and operating expense projections. She said their study took into consideration the City's capital needs forecast for water and a projected \$26.3 million in projects from 2017-2023. Ms.

Sanchez said their calculations assumed the deferral of some construction projects for 1-2 years in order to fund all projects from cash resources. Ms. Sanchez said annual water rate increases are proposed to vary between 5- 9% over the next 6 years. Annual increases would start at the higher end and reduce later in the six year period.

Mr. Gonzalez described the capital needs forecast for sewer. He said the City's Sewer Comprehensive Plan identifies \$9.8 million in projects. He added the sewer revenue requirement forecast will increase rates starting at 5.5% for the first two years and tapering to 3.0% in the sixth year. He said the combined residential utility bill forecast will vary from a high of 7.18% down to 4.92% over the next six years.

Deputy Mayor McKibbin asked if a variable for consumer conservation was built into the proposed rates. Ms. Sanchez said consumer conservation is not factored into the forecasts. Mayor Johnson asked if Bonney Lake is out of line with other cities for growth impacts, maintenance and so forth. Ms. Sanchez responded that many of the cities she is aware of are looking toward at least a 3% increase.

Mr. Gonzalez addressed the analysis for water system development charges (SDC). He said their study shows no need to increase water SDCs at this time, and that a slight decrease may be warranted. Mr. Gonzalez also spoke about the sewer SDCs. He reported that a slight increase in sewer SDCs appears warranted. He added, however, that as a philosophy, the Council could defer increases in SDCs, but should not ignore increased water and sewer rates.

Councilmembers expressed concern about the City's rates compared to other cities. Ms. Sanchez cautioned it is difficult to do comparisons because rates change and different Council philosophies regarding their utility systems are not always reflected in the numbers. Councilmember Swatman questioned the validity of the projects being required by the Department of Health. He said he feels they are more guidelines rather than firm requirements.

Mayor Johnson asked how the Council would like to move forward with the information provided at this meeting. City Administrator Morrison advised the new rates should be adopted by July of this year and the Council could continue discussions regarding their philosophy and approach to the system development charges. Mayor Johnson said the topic would appear for further discussion and action in the near future.

- B. **Discussion/Action: AB17-13 – Resolution 2577** – A Resolution Of The City Council Of The City Of Bonney Lake, Pierce County, Washington, Authorizing The Mayor To Sign A Contract Between The City Of Bonney Lake, Washington And Secoma Fence, Inc. For The 2017 Public Safety Building Fence Project.

Chief Powers reported that the department used the small works process to procure bids for the project. Councilmember Watson noted the item had been

through the Public Safety Committee. He recommended moving forward in the interest of security for the Police Department and its employees. Councilmember Evans asked why the bids came in over the original estimate. Public Works Superintendent Ryan Johnstone noted the new bids had to include prevailing wages, bonding and sales taxes, which were not part of the original quote received.

Councilmember Watson moved to approve Resolution 2577. Councilmember Evans seconded the motion.

Motion approved 5 - 0.

- C. **Discussion:** AB17-35 – Ordinance D17-35 – Parking Restrictions on 186th Avenue E.

City Administrator Morrison explained that staff hand-delivered letters to all residents fronting 186th Ave. He said of those responding a majority said the City should ban parking on the street. Councilmembers discussed the pros and cons of a parking ban on 186th Ave. Councilmember Rackley said the City needs to avoid allowing this kind of parking congestion in the future with new developments. There was no clear Council consensus on how to address 90th St. City Administrator Morrison said he will move the ordinance forward prohibiting parking on both sides of 186th Ave and remove the proposed actions for 90th St.

- D. **Review of Draft Minutes:** April 1, 2017 Retreat, April 4, 2017 Workshop, and April 11, 2017 Meeting.

The minutes were forwarded to the April 25, 2017 Meeting for action with corrections.

- E. **Council Open Discussion:**

Community Summit. Councilmember Watson said the April 6th Community Summit in Sumner was well received, and was a good meeting overall.

Public Works Center. Councilmember Watson asked for clarification regarding funding for the proposed Public Works Center. He urged continued action to bring the Center to fruition. Mayor Johnson said the City staff will be coming back with an updated spreadsheet to show a more firm picture of needed costs. Councilmember Watson said he feels the true costs need to be identified before rate increases are discussed for the utilities. Deputy Mayor Swatman said the rate study included roughly \$3 million to cover the current anticipated shortfall. Deputy Mayor McKibbin suggested the topic should be scheduled for discussion at a workshop, and not discussed as an added item under Council Open Discussion. Mayor Johnson said it will be brought back soon to a Council workshop. Councilmember Swatman said it's important to get it done right as opposed to getting it done right now.

IV. EXECUTIVE/CLOSED SESSION:

Pursuant to RCW 42.30.110(b), the Council adjourned to an Executive Session to discuss property acquisition for 5 minutes. Mayor Johnson announced there would be no action pursuant to the session. The Council went into Executive Session at 7:10 p.m. for 5 minutes. At 7:16 p.m., the session was extended for 5 additional minutes. The Council returned to chambers at 7:21 p.m.

V. ADJOURNMENT:

At 7:21 p.m. Mayor Johnson closed the workshop by common consent of the Council.



Harwood Edvalson, MMC
City Clerk



Neil Johnson, Jr.
Mayor

Items presented to Council at the April 18, 2017 Workshop:

- Angie Sanchez – *City of Bonney Lake 2017 Utility Rate Update* – FCS Group.

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.