

TRANSCRIPTIONS:

MARCH 27, 2008 CITY OF SULTAN COUNCIL MEETING

[Mayor Carolyn Eslick and the City Attorney did not attend this meeting.]

Click link below to go to desired transcription:

- [*ACTION Item #3: Resolution 08-11 – Revisions to Quasi-judicial Closed Record Hearing Procedures*](#)
- [*ACTION Item #4: WWTP \(Wastewater Treatment Plant\) Funding*](#)
- [*DISCUSSION Item: Sheriff County Contract/ILA for Sultan Police Patrolman*](#)
- [*DISCUSSION Item: Budget Amendments & Priority Projects*](#)
- [*DISCUSSION Item: Short-term Funding for WWTP*](#)

[Action Item #3: Resolution 08-11:](#)

MAYOR PRO-TEM BLAIR Action item #3, Resolution 08-11, Council procedures on the hearing process.

CITY ADMIN. KNIGHT The council has discussed this issue at its budget retreats (only one, actually) and also then discussed it a second time at its meeting on March 13th. And the issue really is, “How do you want to manage your closed record hearings?” And looking at what other cities in the state are doing it – from our research with Municipal Research (mrsc.org), only one other city was doing something similar to Sultan, and that was the City of Port Townsend. And they were allowing public comment during its closed record hearing for those members of the public that were parties of record. So in Municipal Research’s evaluation of this process, no other city was allowing general public—the general public to comment during the closed record hearing. So with that, the city council then discussed whether or not there were any risks involved and there are some risks involved, and the risks are both for the community that are interested in a particular project, wanting to ensure that they have an opportunity to know when they need to go in and provide public comment, and that opportunity is in [an] open record hearing¹. So with that, the council directed staff to go ahead and amend its procedures, wanting to make sure that its procedures were transparent to the public and that the public was aware. So we have prepared a draft news release in order to send out again to let

¹ Regarding the ability of the public to attend and give testimony at the ONLY public venue for a preliminary plat (or other) land use application, these Open Record hearings, held by Sultan’s Hearing Examiner John Galt, are almost always start in the afternoon, a time when most Sultan adults are working in Everett, the Eastside, Seattle or further south. It is G.R.I.T.’s position that such “opportunity for public comment” not only flies in the face of the true nature and purpose of public comment, but is, in reality, an impediment to same. While this practice may have become part of our government’s(s’) practice, it is shameful.

people know, you know, what is going on, as well as doing as we're doing tonight, which is putting it into the council, um, procedures.

I certainly appreciate Ms. Fallgatter's comments earlier this evening about, you know, public comment. It is certainly not the intent of this notion, or this resolution to keep citizens from commenting on the process. Comments on the process are allowed at any time. And we encourage those comments. Ms. Fallgatter also mentioned that [the] PUD code was approved after regulatory reform. That's true. This particular issue, though, is regarding the way that the hearing examiner process works, and Section 2.26 was not amended following that regulatory reform. The council also gave direction at its last meeting to have the city attorney go back and take a look at that section and make amendments to it, and amendments to the development code [unintelligible] did in order to show—ensure consistency. And I spoke with Miss Hardy this afternoon on the phone and they have a paralegal that's been working on that project. And we anticipate that that information will be coming back to you either at your meeting on April 24th or one of your first meetings in May. So remember that this is a...that...the amendment to 2.26 is not an amendment to a development code, but it will affect your development code. And so those development code changes are going to need to go through the public participation pr—process, which includes a stop-off (sic) at your Planning Board for their review and recommendation and a public hearing there. So we started the process, and it's just a matter of kind of working our way through it. So I'm available to answer any questions.

C/M SLAWSON Mayor Pro-tem Blair, I'd like to offer to move at this time Resolution 08-11, amending Section Six, public hearing procedures for council meeting...procedures adopted by Resolution 07-05.

C/M JIM FLOWER Second.

MAYOR PRO-TEM BLAIR Discussion? [extended pause] Well, I have some [unintelligible] and comments about this particular, uh...clarification about the quasi-judi—judicial closed record hearings [clears her throat]. As Deborah Knight so eloquently pointed out that this is not a change in our development code. And truly it is that there are some changes that are needed in our development code. This is simply a clarification of the process during the closed record hearing before council, because we in the past had one procedure, and we're advised that according to current law that that probably was not the most advantageous approach. Personally, I like this particular change which gives the opportunity for city staff, the applicant or appellant to give comment during a closed record hearing. So the education process, however, needs to be made with the public so that they know that whether it's a written testimony, uh, or a— a—and maybe we should clarify the word, "appellant" so they get—people are clear on, uh, what that means. Does that mean that they gave testimony there in open record hearing?

CITY ADMIN. KNIGHT No. That means they're appealing the hearing examiner's recommendation. And here at the City of Sultan, those appeals have been filed by the applicant. So the applicant and the appellant are one and the same, oftentimes. But that doesn't necessarily have to be the case. Other people can also appeal a hearing examiner decision. And so that's what that means by appellant. So we can have three parties: The

applicant, who would presumably be supporting the hearing examiner's recommendation in this, case; the staff, who would be representing the city; and then somebody who is appealing the hearing examiner's recommendation, as the appellant in this case.

MAYOR PRO-TEM BLAIR Thank you. I wanted that to be clear to not only myself but everyone. And the—the last comment that I have is about our code. Part of the—the issue with the PUD code and some of our other code is, are we having a closed record hearing, a closed record meeting, or a clo—a closed record appeal? And that is certainly part of the development code that we—we have to get clarified. So whether you talk about that going through the public process to get those things, uh, fixed as needed, because it, uh, it—it definitely needs attention and clarification. That's all the comment I have. Any further comment? Then we'll call for the.... All in favor? [*voices saying "aye."*] Any opposed? [*none heard.*]

[\[BACK TO TOP\]](#)

Action Item #4: WWTP (Wastewater Treatment Plant) Funding

[Note: Three audio files contain the audio for this discussion, available at our Main Audio page; click the link to the March 27, 2008 council meeting to access.]

MAYOR PRO-TEM BLAIR Okay, so we're onto Action Item #4, Wastewater Treatment Plant funding [*item*] number two, the short – the SRF Loan Program.

CITY ADMIN. KNIGHT Thank you. And I feel like this evening's all about [the] wastewater treatment plant, but it is all about waste—wastewater and police are our two—two main topics. Which his all right because it kind of gives you the Big Picture perspective about where all these individual pieces kind of all fit together. And as you can see, as we are coming down to the end of the design phase and the beginning phase, we're really having to start to think about what—how much of—how much is this all going to cost? And where is the money going to come from? And so the little decisions and the big decisions that council is making now about tie-downs on the roof, about the 1% for art, about where the window's going to be replaced (sic), each one of those individual items has an impact on the bottom line. And we're going to talk about more about this (sic) in the discussion item, but I did just want to kind of provide that very, very Big Picture perspective which is every time we give direction to our consultants, you can see the meter run.ⁱⁱ Every time you ask them to do something that's out of the

ⁱⁱ At the risk of sounding disrespectful to City Admin. Knight, I have to ask this question: “*Who has been monitoring consultants’ expenses and invoices previously?*” and “*How could the 2008 budget have been crafted without calculations/estimates of known but unbilled expenses for work performed, current payables/receivables and estimated future expenses and revenue?*” Ms. Knight's caution to council members is spot-on: In the absence of a strong and detailed contract structure and written/documented revisions to consultant's(s') scope(s) of work, costs will escalate with each communication. We have to assume that Ms. Knight's budgeting naivety is due either to her inexperience at the executive level, or because of a lack of adequate financial expertise and advice, either from per-hour financial advisor Mark Knowles or Deputy Fin. Director Laura Koenig. This claim is supported/documented by Knight's

scope of work which they originally signed on for—for, it's gonna cost you something at the end of the day.

C/M JIM FLOWER We—well—well now, just hold on for a second. They asked *us* to come to a committee meeting and say “we—we need some direction here. We got three different roof lines. Choose one.” This is part of our process. Nothing out of the scope there.

CITY ADMIN. KNIGHT No. But once you pick something, and you begin to ask for individual things to be tweaked here and there, that's where it's going to begin to cost you. So tie-downs, for example, if that wasn't something that they already had in their mind to say, “That's something we're going to include,” that is probably going to cost you something at some point. When she – when the young lady who was here earlier [*from Michael Willis Architect*] this evening said, “Well, we're trying to figure out where the skylights are going to be because the subcommittee gave direction for a lot more natural light.” And she's talking about having to go and talk to the structural engineers. You know, if it's something that is going above and beyond what they have originally anticipated, I just want you to keep in mind that when you're asking those questions, ask the follow-up question which is: “If we have you do this, is it going to be out of scope?” That's the question you need to be asking your consultants as you begin to—as you begin to come down to the bottom line.

C/M JIM FLOWER I wasn't given that impression in the subcommittee meeting is that – they were giving us some alternatives and pros and cons to these alternatives...

CITY ADMIN. KNIGHT But –

C/M JIM FLOWER -- it—it seemed to be all within scope to me. And just –

CITY ADMIN. KNIGHT Right.

C/M JIM FLOWER -- from a layman's perspective, I just didn't see anything that was outlandish whatsoever. We were just looking at, you know, which direction are we facing for esthetics, for using natural light, for vandal protection – these are the questions they were asking us for our input.

CITY ADMIN. KNIGHT Right. And I'm just saying as – as you begin to get more refined, as that design begins to be completed, as you begin to think about, well, what are the operations questions, just keep in the back of your mind when you ask that question or ask for something that hasn't been talked about before, to ask a follow-up question, which is: “Is this within the scope?”

C/M SLAWSON Can you please give us the scope of their work?

expression of surprise in this very meeting of two invoices (one from Shockey-Brent and another from Cairncross & Hempleman totaling \$31,293) for work performed in 2007 that she/Koenig failed to factor into Sultan's proposed \$457,000 budgeted amount for attorney/consultant expenses to finally achieve a compliant comprehensive plan. Ms. Knight stated “*I was not aware of that at the time that those bills were being held back. If I knew that, then we could have budgeted perhaps more for this year [and] we would have boosted up that budget for this year.*” Sultan taxpayers and voters should demand an explanation for how such a basic financial mistake could have been made. (See a full transcription of the “Budget Amendment & Priority Projects” Discussion item under later in this file.)

CITY ADMIN. KNIGHT I'd be happy to.

C/M SLAWSON And let us read it. And then we will know –

CITY ADMIN. KNIGHT Absolutely.

C/M Slawson -- what's in the scope of their work. And I would imagine that safety is in their scope of work. And that would be a safety question, 'cause we only have two workers and you'd hate to lose one off the roof. 'Cause they'll be up there.

MAYOR PRO-TEM BLAIR And honestly, all the discussion that was brought up this evening was already covered in the subcommittee [meeting] and in fact, they eliminated a lot of lighting that they haven't originally [unintelligible] in the—in the scheme that we saw.

C/M JIM FLOWER I see a completely different design this time.

MAYOR PRO-TEM BLAIR Oh, it's totally different. But that was a preliminary design and they did warn us about it, but we had the idea that the general structure and rooflines would stay the same. So it's interesting going through the conceptual phases. I think the only thing that was added was the roof –

C/M SLAWSON Light and safety?

CITY ADMIN. KNIGHT So the item that's in front of you this evening is one of those items. As Councilman Slawson had asked earlier, what happened to the Public Works Trust Fund loan? And the city had originally intended to apply for a Public Works Trust Fund loan. That loan was within the scope. And we missed the deadline for that. So you have a miscommunication between city staff and consultants. At the time it didn't see like that big of an issue because the Public Works Trust Fund has an annual process. Well, this year they changed their minds and they decided that they were going to do a biennial process. So it was going to be good – the list that they created was going to be good for two years, which means that we won't be able to apply for funding until 2009 for 2010.

If we want to proceed with construction in 2009, we're going to have to find that money somewhere. And one of the places that money is available is through the State Revolving Fund, or SRF loans. And unfortunately, the city had made the decision early on that the additional effort required to create a facilities plan -- which is over and above the engineering report that you did – requires amending certain chapters of your engineering report to bring it up to the standard that the Department of Ecology requires for their submittal. So you have to do, for an example, a SEPA analysis. In order to do that work, the original estimate from Brown & Caldwell was about \$70,000 and they squeezed that down a little bit and it's down around sixty – fifty-five to sixty thousand (\$55,000 to \$60,000). So they chopped off about \$10,000 of it. I would still recommend that the council set aside that same \$70,000 in order to ensure that you have a contingency for any unexpected expenses. It wouldn't be spent unless council gave authorization. So it would be “off the book” so to speak. But at least you would have it available in case something happened. I wouldn't want to leave us in a position where we think that we're going to spend fifty (\$50,000), we go in, do the projects that we're proposing that we set aside for the time being, and then come back and have a second crunch time. So I'm going to be recommending contingencies in all of the work that we're doing as far as this

project is concerned, moving forward. Because when we talk about the other issues that we have on our plate for the short-term funding needs -- I've handed out this spreadsheet and we'll talk about that under discussion -- that shows some additional expenses. Which is probably why I'm a little bit overly sensitive right now about scope of -- scopes of work and out-of-scope work, and wanting to make sure that we're being very, very careful about what we're asking our consultants to do. *[end of Audio file G-4a]*

[Start of Audio File G-4b]

C/M SLAWSON Well, one thing is, is will we be told before the money's spent, or after it's spent?

CITY ADMIN. KNIGHT That's an excellent question. Because when I took a look at this list that we're going to be talking about under Discussion, there were a couple of items in here that were a surprise to me. And I wasn't aware that—that we had given direction to the consultants to move forward with this work. So I would imagine it was also a surprise to you. Because it's always been my....my habit, my requirement, that if we're going to spend money that hasn't been authorized that it first comes back to council before it gets spent. Otherwise, what's the point? And I wasn't able to get ahold of our Public Works Director Connie Dunn Clark this afternoon to find out whether or not these specific items had actually come back to council for approval. So we may have to just explore that and do a second report letting you know where we're at.

So with that, the issue in front of you is a discussion about whether the city council wants to proceed with a low interest Water Pollution Control Revolving Fund loan, and if you do, authoring the mayor or designated staff to go ahead and negotiate and sign that.

The other issue I think I should bring to your attention before we jump off into discussion is just that in order to get your State Revolving Fund loan, you have to have a compliant comprehensive plan, which is why Ms. Fallgatter was just bringing to your attention that the Growth Management Hearings Board won't be hearing the case in Fallgatter -- I think they're all combined now in ten, five and eight (X, V and VIII). So you won't know -- or the Department of Ecology won't know whether or not we have a compliant comprehensive plan at that time. However, if you read in your staff report, it does appear that we can go ahead and move forward if the Department of Ecology believes that your plan is going to be compliant. We have until a certain point in the process to sign that document that your plan is compliant and then move forward. And that isn't necessarily the same timing as when you would be granted the—the loan. And I know that Ms. Davenport-Smith may have some additional details on that.

C/M S. DAVENPORT-SMITH I do. **And one thing I would like to bring up is that the Ecology applications for loans and for grants, it's -- there's a little box that says, "GMA compliant" and you check that box, and at that point in time and—and—and you know we're going to be sending this in by October 31st if we choose to go through with this. And our compliance hearing is not until November 6th, and, um, even though -- and I have to commend our staff for working so closely with the Ecology representative, Ken Zeibert on this process. That's really great and very -- very, very wise to do whenever**

you're trying to submit an application for any financial assistance from a state agency, but it could – by not being able to check that box – truthfully check that box at that point in time, it could affect, um...the scoring, it could affect points. And even though, um...Ken and other leaders may know that you are working on it and chances are very good that we'll have a compliant plan...it may hurt us slightly. So I just want to bring that caution to your attention.

MAYOR PRO-TEM BLAIR Thank you. Can I ask you a question about that?

C/M S. DAVENPORT-SMITH Um-hm [*affirmative*].

MAYOR PRO-TEM BLAIR How long does it take them to review an application? A grant application?

C/M S. DAVENPORT-SMITH It's normally done by mid-December.

MAYOR PRO-TEM BLAIR Done by mid-December?

C/M S. DAVENPORT-SMITH Um-him [*affirmative*].

MAYOR PRO-TEM BLAIR So it's possible, prior to the scoring of the application, we may be able to go back and revisit it? To check that box? Or can we go back and change it?

C/M JIM FLOWER Like post-dating a check [*laughter*].

C/M S. DAVENPORT-SMITH [unintelligible] typically – typically they would not allow that. And, um, there might, there might be some consideration that could be given to the City in this case, especially since we're working so closely with CTED and since Ecology works closely with CTED, um, in—in checking, for [unintelligible] compliance. So, um, there—there may be something that we could do, or attach a—a letter, maybe from CTED, to our application, saying the City's [*sounds like, "gone away"*] and they have every confidence that we'll be compliant. So not sure – I mean, it's—it's worth a shot. I mean, I think that, um, just listening to the, um, comments from Mr. Zeibert, he said that our proposal is very good and it stands a very good chance for funding. And, um, [unintelligible] see some of the other proposals that come through, I'd agree with him. So, uh....So [unintelligible].

CITY ADMIN. KNIGHT But there is a deadline, which is October 30th for completing the application. And in looking at the schedule, if we are going to submit an application, we have to start tomorrow. So unfortunately, this is not one of those items where we can go back and do a little more research and come back to council and... provide additional information. It's a decision that's going to have to be made this evening.

MAYOR PRO-TEM BLAIR I have another question, though, about this—this action item. Your—your recommended motion is to negotiate a loan with Coastal Community Bank. But --

CITY ADMIN. KNIGHT [unintelligible].

MAYOR PRO-TEM BLAIR -- the action – but no. No. And then #2 says the State Revolving Fund.

[extended pause]

CITY CLERK/DEPUTY FINANCE DIR. KOENIG They're two separate items.

CITY ADMIN. KNIGHT Are you talking about action item – you talking about 4.1 and 4.2?

[unintelligible mumblings by a couple of individuals]

CITY CLERK/DEPUTY FINANCE DIR. KOENIG Go down to 4.2.

CITY ADMIN. KNIGHT It should be “Authorize the mayor or designated staff to sign a contract –

[simultaneous comments by Knight and Slawson]

MAYOR PRO-TEM BLAIR Right. That was – it's – the way the attachments are...*[trails off]*.

CITY ADMIN. KNIGHT Thank you. You had me worried there for a moment.

C/M JIM FLOWER You should have one of these paper books. They're a lot easier. *[group laughter ensues. The ongoing faux “debate” re electronic/computerized council packet distribution(to a majority of council members) versus “hard” paper copies & binders to C/M Flower and Chapeaux, has become a source of good-humored banter of late.]*

C/M SLAWSON They're sure a lot more expensive. We're “green” over here. *[End of Audio File G-4b]*

[Start of Audio file G-4c]

C/M S. DAVENPORT-SMITH One more question. Exactly what would be the total loan amount that we'd be applying for? I didn't see that. I couldn't remember. Sorry, I apologize.

C/M JIM FLOWER Wanna look at my book? *[chuckles]*

CITY ADMIN. KNIGHT No, I'm – I'm sorry. I think the – I think the question from Councilmember Davenport-Smith is what is the loan we'd be out the—the State Revolving Fund loan that we would be asking for. And you know, I don't have the answer to that question.

MAYOR PRO-TEM BLAIR Well it said approximately \$70,000.

CITY ADMIN. KNIGHT No. Approximately \$70,000 is the cost of the contract.

C/M S. DAVENPORT-SMITH Right. [unintelligible]

CITY ADMIN. KNIGHT Right. I—I'm sorry. I don't have the number of the—of the loan amount.

MAYOR PRO-TEM BLAIR So you're –you're asking – Okay.

CITY ADMIN. KNIGHT We're just asking for authorization to have the application completed.

MAYOR PRO-TEM BLAIR To DOE?

CITY ADMIN. KNIGHT To DOE.

MAYOR PRO-TEM BLAIR For a low-interest SR....

C/M S. DAVENPORT-SMITH It might be advisable to stick with, um, with Cindy Price of the [*sounds like, "High Corners"*] office, the Lacey office for Ecology. She is, uh, the co-person that runs the State Revolving Fund. And she also, um, helps to write the rules for the State Revolving Fund and she could probably answer that application question regarding GMA compliance and help us out by [*sounds like she said, "tomorrow"*]. Should be in the office. If not, I have another number.

CITY ADMIN. KNIGHT Okay. Thanks.

MAYOR PRO-TEM BLAIR So if we're taking up the one question – Well, we have—we don't have a motion so I guess it.... We can be—we can be in discussion without a motion, but, um...the vehicle for paying that loan out is -- ? The State Revolving Fund is a loan?

CITY ADMIN. KNIGHT It was – it is a loan. It would be the connection fees for the wastewater treatment plant. And if we weren't able to make those, then we would have to use [funds] from the ratepayers. So we have all along been focusing on ensuring that we have the adequate connection fees. But if for some reason that isn't possible, then we'd again be back in front of the council. Would you want to add anything to that, Ms. Koenig?

CITY CLERK/DEPUTY FINANCE DIR. KOENIG Not at this point, 'cause I don't know how much the loan is so I can't determine what the payment would be. I believe the SRF [unintelligible] are 20-year loans.

MAYOR PRO-TEM BLAIR And low—and low – they're like 1% [interest]?

C/M S. DAVENPORT-SMITH They vary [unintelligible] to a little bit. Um, yeah, yeah, between a little bit and – And there is a **possibility that we may qualify for a hardship**, um, money as well, which could be in the form of a very low interest and low-interest loan. Or it could be some grant money associated with that.

CITY ADMIN. KNIGHT Right. **And the hardship is based upon the level of income in your community as compared to the rates that they have to pay.** And since we've recently raised the rates, it is possible that we might, this go-round, qualify for hardship. But they'd still – I've been online and looked at the form that we have to fill out and it's pretty extensive. I thought, well, maybe I could just do a back-on-the-napkin type of analysis but it's not possible. It takes a, um, a math degree [*chuckle*] to figure it out.

C/M S. DAVENPORT-SMITH No, no. Just ask for if she can do it for you.

MAYOR PRO-TEM BLAIR So the bottom line is, is this going to come back before council before signing – or authorizing the actual loan?

CITY ADMIN. KNIGHT Absolutely. Yes. This is just – this is just authorizing us to proceed with the loan application. So we can come back with additional details for you.

MAYOR PRO-TEM BLAIR Can we entertain a motion?

C/M SLAWSON Well, I do have just one question before you do that.

MAYOR PRO-TEM BLAIR Okay.

C/M SLAWSON Now with our moratorium, is that going to be affecting us with our connection fees? It'd be nice to be able to pay it back.

CITY ADMIN. KNIGHT No. Because keep in mind when we discussed the moratorium, we had 13...plats that are either preliminary plats or final plats with approximately 400 buildable lots. So there is no restriction on buildable lots.

C/M SLAWSON Now, how many years will it take to pay this one off?

CITY ADMIN. KNIGHT Well, that's what we were just discussing, is we believe that it's a 20-year loan. So.

C/M SLAWSON So we might put this in the next [*sounds like, "gap"*], 'cause we don't [unintelligible] do building codes that have....I mean, how long is this moratorium going to go on?

CITY ADMIN. KNIGHT Well, hopefully it's only going to go on for six months, which is what the time it's going to take us to complete our comprehensive plan update.

MAYOR PRO-TEM BLAIR And then we face the chicken-and-the-egg. If we hook up those 400 and we have no more sewer capacity –

CITY ADMIN. KNIGHT Well, keep in mind just because you're awarded the loan doesn't mean you have to take it. So you can decide if it's awarded that at the end of the day you're going to set it aside and not go forward with it. And that's kind of been the—the situation that we're in right now altogether, and when we came in from a council at the meeting that we had at the high school and talked about this, it was the council's decision at that time that, Okay, we want to at least finish the design and—and complete that, and we're gonna [*sounds like she says, "speak some to that"*] and then we'll decide what we want to do as far as construction is concerned. But I believe that regardless of whether or not we decide to go forward with this State Revolving Fund loan at this time, at least you will have completed the work necessary to apply. And so when you're ready to pick it back up again, if you decide you want to do that, then you can have the information available. I'm not sure if any of it would be to stay [unintelligible]. I suppose probably some of it would [but] the effort wouldn't be quite as...rigorous.

Male [unintelligible]

CITY ADMIN. KNIGHT It's a difficult decision to make, because your funding package is still somewhat up in the air as far as what are the components that are going to have to come together and what's the total cost going to be for that?

[*long pause*]

MAYOR PRO-TEM BLAIR Personally, as long as it doesn't require an—an extraordinary amount of consultant time [unintelligible comment, then stuttering while train whistle blows; Blair's complete thought/point was missed, unfortunately].

CITY ADMIN. KNIGHT Well, except for \$50,000 isn't, you know, a drop in the bucket and it does require that you set aside some projects we were planning on doing this year in order to have that money available to you. So your two capital projects are going to be set aside.

MAYOR PRO-TEM BLAIR And they are?

CITY ADMIN. KNIGHT They are the I&I [*i.e., Inflow and Infiltration*^{III}] project for \$60,000. So with the cost reduction it looks like that's the only one we would have to delay. We have a design also for a force main across the Sultan River, that's \$25,000. But I don't think we're going to need that. I think we can probably do it within \$60,000. So you won't have an I&I project [unintelligible] this year. Which amazingly enough also affects your wastewater treatment plant, 'cause as we talked earlier, that water that flows into the plant requires you to increase the plant size in order to process it. It's a tough decision. But if you don't go for it, you're not going to probably have enough money to get the plant started next year if you decide you want to do that.

MAYOR PRO-TEM BLAIR In our [unintelligible] the other day, we were saying that at some point we're going to have to complete the engineering report and—and the SEPA for long-term...

[An unintelligible comment by someone.]

MAYOR PRO-TEM BLAIR ...we have to process it at some point anyway.

CITY ADMIN. KNIGHT Well, and I don't know the difference between, uh, plant SEPA and the SEPA that's being required to submit to DOE. I don't know if those two things are equal. I don't have enough experience in that area to be able to say one way or the other.

[long pause]

C/M S. DAVENPORT-SMITH [unintelligible]

CITY ADMIN. KNIGHT It's the same level of effort?

C/M S. DAVENPORT-SMITH Um-hm [*affirmative response*]

C/M SLAWSON So the motion is for the Department of Ecology loan [unintelligible]?

CITY ADMIN. KNIGHT The—the motion is to authorize the mayor or designated staff – that would be me – to sign a contract amendment with Brown & Caldwell to prepare the necessary amendments to the wastewater treatment engineering report to

^{III} I&I, or Inflow and Infiltration, has plagued the city for years, has constrained its ability to develop because it robs the WWTP of sewer capacity (and, subsequently, available sewer connections) . Put simply, flows into it the sewer plant, whether solids or liquid, must be processed which limits plant capacity. Mayor Tolson had placed the elimination of I&I at the top of his “to do” list upon his election and did indeed make inroads, but this is still a problem.

submit an application no later than October 31, 2008 to the Department of Ecology for a low-interest State Revolving Fund loan.

C/M SLAWSON Exactly what she –

C/M JIM FLOWER So moved.

C/M SLAWSON Second.

MAYOR PRO-TEM BLAIR Any further discussion? *[none]* All in favor? *[voices]*.
Any opposed? *[none heard.]*

[*\[BACK TO TOP\]*](#)

[**Partial Transcription re DISCUSSION re Sheriff County Contract/ILA for Sultan Police Patrolman:**](#)

[Audio File H-1]

MAYOR PRO-TEM BLAIR All right. So the issue in front of the council is a contract, a one-year contract with the Snohomish County Sheriff's office for a patrol deputy. And this is a request by Mayor Eslick. The mayor is extremely interested in public safety. And one of the initiatives that she is trying to achieve is to have more boots on the street. We currently are down one officer position. We have a vacant position. We're currently advertising for that position. It's a lateral transfer. Lateral transfers are extremely difficult to find these days. The decision to go with a lateral transfer over going with a brand new officer straight out of the academy was a decision that was made by the *[Sultan]* Civil Service Commission. They would prefer to have a lateral transfer. And the mayor concurs with that recommendation. In order to achieve the mayor's goal, one of the options that the city has is to contract for a Snohomish County Sheriff's deputy, and to pay for that deputy using the funding that we have received from Denali Ridge for impacts to police services. So the idea behind that money is that you are to increase levels of service, levels of police service. And that is the intent, is that we're going to continue to look for the lateral officer while in addition, funding this position.

So the way that the Denali Ridge agreement is worded, part of that money is to go to the first year, about \$36,000 of it, and then the remaining approximately \$10,000 is to go for the second year. So there is an impact to the City's budget for this decision because the city has to make up the difference between the two. Now this proposal that's in front of you this evening was based upon an estimate of cost of \$7500 a month for six months. Now I received today from the Snohomish County Sheriff's office additional expenses. They come to about \$10,000. Seven thousand *[\$7,000]* of that is for overtime, and \$4,000 of that is for start-up costs. Now, this is a discussion item, so there's no need for the council to make a decision. The staff proposal is to bring this patrol deputy on board July 1st, so we have some time to consider and mull this over before making a final decision about whether or not to proceed.

The budget is available with the caveat that if we are fortunate enough to receive a lateral transfer in the next several months, you will have to fund both positions if you are in-contract. Now the contract does—does allow a 30-day notification to terminate, but I wouldn't want to be using that as a possible out if you didn't think that you could afford to do both. I think you need to feel comfortable that you can afford to do both before you make this decision. [You] Don't want to put yourselves into a position where you're having to fund something that you don't think that you really can afford. So I am available to answer any questions you might have about this proposal.

[@ time code 4:26 min.] *C/M JIM FLOWER* Another caveat. You've got written in italics at the bottom of your analysis^{IV}: "Effective level of service change: [Should] the city reduce[s] or eliminates its level of service requirement prior to [the] conveyance occurring in cash contribution being made, developer's obligation and this agreement shall be adjusted or eliminated consistent with the reduction or elimination of [the] Level of Service. If, however, a level of Service is reduced or eliminated after a conveyance occurs or the cash contribution is made, [there shall] be no return of the conveyed property or cash contribution." Some of these are rather substantial. Uh...

CITY ADMIN. KNIGHT Uh, well, I should clarify that before—before we go on and talk about it. All I was trying to show there is that Skoglund Estates has, or [unintelligible] Skoglund Estates is paid. She's –

C/M JIM FLOWER Right.

CITY ADMIN. KNIGHT She's Skoglund at the moment. Skoglund Estates is paid. What I was only showing is that there are other developers that have obligations to pay the city under the developer agreement, but I wouldn't want to count on that money --

C/M JIM FLOWER Okay, so we're only talking –

CITY ADMIN. KNIGHT --just for the very reason –

C/M JIM FLOWER -- about what we already have in the cash drawer?

CITY ADMIN. KNIGHT Yep.

C/M JIM FLOWER Okay –

CITY ADMIN. KNIGHT -- that's all I'm talking about is spending the money that we already have.

^{IV} **Copy of excerpt published in the agenda packet document from which C/M Flower is reading:**

Effect of Level of Service Change. Should the City reduce or eliminate a Level of Service Requirement prior to the conveyance occurring or the cash contribution being made, Developer's obligation under this agreement shall be adjusted or eliminated consistent with the reduction or elimination of the Level of Service. If, however, a level of Service is reduced or eliminated after the conveyance occurs or the cash contribution is made, there shall be no return of the conveyed property or cash contribution.

C/M JIM FLOWER -- All right. Thanks for that clarification.

MAYOR PRO-TEM BLAIR And where do we – it's still even bringing in one officer, does that meet with [the] concurrency requirement?

CITY ADMIN. KNIGHT No.

C/M JIM FLOWER No. *[sounds like he says, "It just helps the problem."]*

C/M SLAWSON But what if –

[unintelligible]

C/M SLAWSON -- but what if – But what if we change our comp plan? Are they going to ask for their money back?

CITY ADMIN. KNIGHT They can't. I mean, if you read this section here, it says, "once the cash contribution has been made," that's a – You're done. It's just the future money that you might receive before to fund this...one individual for a longer period of time would be unavailable to you.

C/M SLAWSON So how—how much money do we have left from the officer, the police [unintelligible] right now in—in the fund there?

CITY ADMIN. KNIGHT And as a matter of fact, if you take a look at that spreadsheet that is an attachment to this, Attachment B... *[pauses; chit-chat while they find the spreadsheet; more banter about using hard paper copies]* So if you take a look at Number 8 down about three-quarters of the way down the page, and you see that the original budget for the police officer salary and benefits was about \$74,756.

C/M SLAWSON Okay.

C/M CHAMPEAUX So you computer guys [unintelligible; more banter].

CITY ADMIN. KNIGHT And the revised budget is \$60,000. And you see that note off to the side where it says the contract with Snohomish County is about forty....Oh, at \$7500 per [unintelligible]. So the revised includes the \$15,000 that we've already paid year-to-date. So out of the \$74,000, we've paid that employee \$15,000. And then there's the \$45,000 for the contract. So that's Sixty *[i.e., \$60,000]*. So that left you with the remaining balance of \$14,756. That's that third column there that you're reading on number eight. So if you take the money that we already spent for the employee, and the money that's presumably going to cost us – now remember now we got \$10,000 more into that that I found out today, and that's drop—that drops down to \$4,000. So instead of being \$14,756, now you have a remaining balance of \$4,756. And you still, if you take a look back on your—on your council agenda packet, you'll see how much money the city has to come up with. The city has to come up with \$8,388 in the first year. Now that's been increased.

C/M SLAWSON [unintelligible]

CITY ADMIN. KNIGHT Well, it depends. I mean, the contract's a little bit negotiable and it breaks down into two sections. It breaks down into the start-up costs for that...is \$4,500 in start-up costs, and then about \$7,000 – well that would be more than ten *[\$10,000]*, right? So there's about \$4,000 in the first year, about \$6,000 in the second

year. And we could probably divide that up into two payments and split it between the two years. So you're still looking at about \$10-12,000 in the first year, and um...\$40,000 to \$45,000 in the second year.

C/M SLAWSON This money is General Fund money, correct?

CITY ADMIN. KNIGHT All General Fund money.

C/M SLAWSON So that could be used for the, uh...also for the comp plan, which we're already over-budget on. Correct?

CITY ADMIN. KNIGHT It could be. It could be used for that [unintelligible] –

C/M SLAWSON I mean, I believe we should have officers on the street, but I also think that our priority for our city is to get our comp plan complete and be able to afford to pay for it. And that's something that we all should think about, too, because without a comp plan...in compliance, we won't even have a tax base if we are sanctioned. So I'm all for officers, but I'm also for making sure that we have, you know, a city here that also has funding coming in.

CITY ADMIN. KNIGHT Well, and the—the division of funds is obviously lower in this year. And you have an opportunity to budget for it in the second year. So the real impact to you, or to the community, is really in the first year. So it's coming up with the \$10,000 to \$12,000 this year.

C/M SLAWSON And this year we're already over budget for the comp plan already –

CITY ADMIN. KNIGHT We are over budget for the comp plan.

C/M SLAWSON -- in the first quarter. So we need to come up with that money also. So my concerns are. And I'll say just that. I believe we should have officers on the street [but] we also need a comp plan [unintelligible].

C/M JIM FLOWER And we haven't had these figures for – is—is almost budget neutral compared to the—the magnitude of the comp plan which is like a Black Hole of funds. This is a penny by comparison.

C/M SLAWSON I understand. But –

C/M JIM FLOWER [interrupting] So, uh there is a –

C/M SLAWSON -- [unintelligible] –

C/M JIM FLOWER -- it also needs to be said of the value and benefit of the community of having more boots on the street, as it was put earlier. Yes, we'll still be chipping away at that comp plan. I don't think this is going to make that big of a difference on that effort.

C/M SLAWSON I don't know. I think we're probably over budget –

C/M JIM FLOWER [interrupting] Oh, sure we're over budget –

C/M SLAWSON -- [unintelligible] right now –

C/M JIM FLOWER -- If you're broke, you're broke, but, you know...uh...This does sound like a, a positive for our city. That's my two cents.

C/M CHAMPEAUX I think so, too. And, you know, if we need to fund [unintelligible], we just take it out of the General Fund reserve.

C/M SLAWSON Oh! That's right! There's none money left! Unh!

CITY ADMIN. KNIGHT Well, remember, this is just a discussion item, so we'll come back with a, with the final facts and figures and we can have a second bite at the apple to [unintelligible] the amount of money received.

MAYOR PRO-TEM BLAIR And that money from Skoglund, though, if we don't use it, we give it back, right

CITY ADMIN. KNIGHT Six years.

MAYOR PRO-TEM BLAIR Six years?

CITY ADMIN. KNIGHT Yes.

MAYOR PRO-TEM BLAIR In six years?

CITY ADMIN. KNIGHT Um-hm [*affirmative*].

[a couple of short unintelligible comments]

MAYOR PRO-TEM BLAIR Well, I guess the one thing I do keep in mind is our community has definitely come out and said safety is definitely a priority for them. And I know that not only safety but concluding the comp plan and having a balanced budget is our priority as well. Because that's not an easy task.

CITY ADMIN. KNIGHT Any [unintelligible]?

MAYOR PRO-TEM BLAIR Any further discussion on...our Snohomish County contract. Are you looking for direction?

CITY ADMIN. KNIGHT I think I have it, which is go ahead and come back with a final contract and some solid numbers for council to look at.

C/M SLAWSON It would be also nice to find out how much in the hole we were on the comp plan. That's just for me.

CITY ADMIN. KNIGHT We can talk about that over our next budget discussion item.

C/M SLAWSON Okay.

[{BACK TO TOP}](#)

[Transcription: Discussion Item: Budget Amendments & Priority Projects](#)

[Audio File H-2a]

MAYOR PRO-TEM BLAIR And speaking of budget, we're going to move onto what was formerly Discussion Item #1, Budget Amendments & Priority Projects.

CLERK/DEPUTY. FINANCE DIRECTOR LAURA KOENIG You First?
[unintelligible] I'm going to let you jump in when [unintelligible] professionals here.

CITY ADMIN. KNIGHT Okay. Great. T hanks.

CITY CLERK/DEPUTY FINANCE DIR. KOENIG Okay. It is the end of March, so the First Quarter report will be available for the council review on April 10th. We do have all the expenditures entered for the month of March; unfortunately, the revenues we can't finish posting those until Monday. So we will get those out to you prior to the council meeting. Your February report is in your mail packets. I apologize for forgetting to bring that with me last time.

The two areas of concern that we have to budget – and we're bringing these to you now 'cause the council has asked that we give a heads up prior to the—the committed prices, so...uh...we have two areas of concern: Staffing and professional services. There's been several changes that have occurred in staffing since the budget was adopted in December. These include the **retirement^V of the Community Development Director. His contract had a four-month severance package** in it, and he also had some accumulated vacation and sick leave that we're paying on. Our current office receptionist, Erin Criswell, resigned in January, late January. And we have been filling that position with a temporary worker from Express Personnel. Those charges are paid, 90% of her wages are paid from the utility fund because she does act as Utility Clerk. So that wasn't a major impact. **And the position of Administrative Assistant was added as a result of the Civil Service hearings^{VI}**. That is an unbudgeted position.

So, as staff, we asked ourselves questions of what funds are affected? General [fund]. Almost 100% General. Part of the Administrative Assistant wages will be coming out of our Capital Projects, as she will be providing assistance to Jon Stack [*i.e., city engineer*]

^V In light of Rick Cisar's performance as the City's Community Development Director, which placed the city in significant legal and financial jeopardy, seemingly at every turn, causing crisis-after-crisis in the areas of the City's comprehensive plan compliance, as well as review and execution of all preliminary plats under his leadership, it is not only silly at this point, but downright embarrassing for the city to attempt to whitewash Mr. Cisar's unannounced, unheralded and clandestine departure from the city's employ late December as a "retirement." I am no expert in personnel matters, but if I'm not mistaken, "severance pay" is generally used to hand someone their hat and assist them out the door. As I strongly advised Mayor Tolson only months after he took office, Mr. Cisar's decisions and recommendations represented the deepest hole and tar baby of potential liability for the City. Mayor Tolson's short-sighted response at that time was, "The City cannot afford to pay off his contract." While I despise Monday Morning Quarterbacking, when a long-time experienced political specialist or historian gives a political newbie advice, rather than tossing it aside, it is wiser to listen.

^{VI} The "added" position of Administrative Assistant is complicated. The "new" assistant is none other than Carole Pepperell, who is now working directly under and reporting to City Administrator Deborah Knight.

The "hearings" referred to above are the result of a city Civil Service decision re Carole Pepperell's status, which she appealed to a higher Civil Service authority. Following a several-day appeal, Judge Bibb issued his decision, which, in part, ordered that Pepperell be reinstated to her former position (as Sultan PD Administrative Assistant) and salary, as ordered by Civil Service regulations. The manner in which Sultan has chosen to "comply" conflicts with the judge's specific order. (We suspect another legal action against the city may be forthcoming)

on those—those issues, so a small portion of her wages will be coming out of those funds.

The overall fiscal impact as it stands right now is about \$23,290 short. So those are – that’s the dollar amount we’ll be looking for wages.

What issues require a budget amendment right now? The increase in staff and the overlapping of wages to the Community Development Director. We figured it will be about six weeks of wages that we will pay for a new community development director and paying off the contract for the prior one [*i.e., Rick Cisar*].

So do I have any questions right now on the staffing impacts to our budget?

CITY ADMIN. KNIGHT I guess I’d just like to make a clarification about the—about the subtle increase in salaries and benefits. That’s \$23,000, and again, if you take a look at that spreadsheet that was that attachment...you can see it at the top where that adds up – that \$23,290. And then if you go down to budget after #8, and you see it says “Wages and Benefits, expenses from above \$23,290”? And then you see the savings in wages and benefits from that officer #6. You see the available balance of funds is \$36,466. [*long pause*] So you’re kind of back in the – back in the black again, so to speak. And then if you move down to the next item and you see the cost to add the additional Snohomish County officer...[*pauses*] that comes to about \$91,575. You see the concurrency payment is \$46,576, leaving you a balance of \$44,999. That tracks back then to the two payments that you have to make in the two separate years that we talked about; the \$8,000 to the \$36,000. So although you – it’s like we’re just moving the money around from place to place. You have some in savings and some expenses. And it comes back to having to pay then to add that additional officer through the Snohomish County Sheriff’s contract. So as Councilman Slawson was saying in the last discussion item, “Well, what if we don’t fill that position? How much money would we have left?” Well, that depends again on when you have your – whether or not you decide to leave that police officer position six [*unintelligible*] as it currently is, or when that position might be filled. But that’s the \$36,000 that you see under “budget” and then “balance of available funds.”

So as it stands today, we’re fine. But the decisions that we make in regards to filling the Snohomish County Sheriff’s contract position, and when the lateral officer might be hired, would end up costing the city the \$44,999 divided by – divided by the two years. And it’s a little bit difficult to track through that.

CITY CLERK/DEPUTY FINANCE DIR. KOENIG There’s also some timing factors, because we’re—we’re basing this on assumptions that we will hire a Community Development Director in May, and, um...the Snohomish County sheriff in July.

CITY ADMIN. KNIGHT In July.

CITY CLERK/DEPUTY FINANCE DIR. KOENIG So if any of those things change, then our numbers all start shifting around again. I think you called it some kind of budget reserve -- something in motion at all times? – earlier today.

C/M SLAWSON I hate to harp on this, but basically like I was saying, we’re already behind and we’re in our first quarter. And we haven’t even seen what it’s going to cost for the comp plan. And we’re gonna be – we’re already at \$23,000, plus we’re running

pretty low on the, uh...the comp plan and the, uh, um, community development plan? Which fund is it?

CITY ADMIN. KNIGHT That's right. Our community development fund.

C/M SLAWSON And then basically... Do – We need to tighten our belts now. I'm sorry, but I think that – I don't want to see this thing come to a snowball by the end of the year and we'll find [unintelligible] again are taking loans and stuff to be able to do this. We know there's a problem. We can cure it now. If we have to cut things in the general fund, we should look at that, you know? There's isn't – You know, there is a few positions left to be cut. [end of audio file H-2a]

[Audio File H-2b]

CITY CLERK/DEPUTY FINANCE DIR. KOENIG Well, this is our—our second area of concern is the cost for the professional development work for the comprehensive plan. And if you look at my looks in the staff report, you'll note that we have spent, I believe it's 48% of the total budget and in just two months.

CITY ADMIN. KNIGHT Right. But again *keep in mind that the reason that budget has been spent is because the bills for 2007 didn't come to us until 2008. And I was not aware of that at the time that those bills were being held back. If I knew that, then we could've budgeted perhaps more for this year, we would have boosted up that budget for this year. So basically what we did is we spent, um, uh...the money that we would have set aside for January and February was already – was spent in the – the day that January started. Because we had two outstanding bills, and those came to the tune of, what? \$31,000?*

LK \$31,293.

CITY ADMIN. KNIGHT It was two bills. So our invoices for Shockey-Brent were running about \$15,000 a month. And I just received the invoice for Cairncross and it was about the same, the most resent invoice from Cairncross was just about that. So what we're proposing as a staff is to renegotiate our contracts with those two firms. Because the work that Pertee is currently doing for us is being budgeted against either current development, which is a pass-through cost; it's being budgeted to the streets budget, which is still in good shape, and it's being budgeted to water and sewer, which we're still in good shape as well. So as always, it's the general fund that's taking the—the brunt of the—of the expense in this case.

CITY CLERK/DEPUTY FINANCE DIR. KOENIG And we do have a cash flow problem right now, which we do [have] every year. Our property tax revenues will not start coming in until May. So although [in] your general fund have (sic) a positive balance at the end of February, it's sinking very quickly from March. And it does this every year, and so...unfortunately we have to still keep spending money and (sic) our tax revenues don't come in. Although I – during the—the, uh, break I saw that I received a fax for our distribution, and our hardship funds did come in – our first payment on our hardship

funds, so Monday we'll receive in \$61,000, and the majority of that is general fund money.

CITY ADMIN. KNIGHT So –

C/M SLAWSON But is that all earmarked for someplace to use?

CITY CLERK/DEPUTY FINANCE DIR. KOENIG It's part of your budget, so... But my—my concern is that I need to keep cash flowing in. It doesn't matter what you put in the budget; if I don't have the cash to pay it, it becomes an area of concern for us.

C/M SLAWSON And how much did we budget for development this year?

CITY ADMIN. KNIGHT We budgeted for...I wanna say it was 33 building permits. And I anticipate that we will probably get about a third of those, the way that the market is going right now. And that's why what we're suggesting is, is that we come back – we were hoping that we could do a budget workshop at the meeting on April 10th but we've already sched—scheduled the Caleb Court closed record hearing for 6:30 PM so we're not going to be able to do that on the 10th, but that—that'll come back on the 24th instead and [we'll] go through these in some depth. I would like, though, to get some direction from council this evening as far as being able to go back and renegotiate those contracts with Cairncross and Shockey-Brent. I've already spoken with Shockey-Brent and they are amenable. So I'm putting together a contract right now. And what I'm proposing is that we pay them a flat fee every month. So we take the remaining budget, divide it between the two consultants and pay them a flat fee. And everything else is deferred. And we keep paying that flat fee until the bill is paid off. I can't see paying any other way around this position at this point. It's kind of like paying the minimum balance on your credit card.

C/M SLAWSON At least we're paying no interest.

MAYOR PRO-TEM BLAIR The – when you say “renegotiate the contract,” you simply mean take the remainder and split it in equal payments?

CITY ADMIN. KNIGHT Yes. But it means I'm going to have to put that into the contract because the way the contract reads now is they submit the invoices and you pay in 30 days. And that's not what we're proposing to do.

MAYOR PRO-TEM BLAIR It – Shockey-Brent, their—their main purpose is still really being the project coordinator on this whole thing, right?

CITY ADMIN. KNIGHT Well, they're the – they are the group that is actually...collating and coalescing all the information that's coming through and writing the plan. So the technical group is still doing, you know, their scientific technical work. But somebody's gotta take all of that and translate it into a cohesive plan. And that's what Shockey-Brent is doing. I'm happy to bring back those invoices for council to take a look at at the next meeting, if you want. No?

MAYOR PRO-TEM BLAIR I have more interest in the contract than [unintelligible]. Any...see (sic) what direction [unintelligible]?

CITY ADMIN. KNIGHT Just go give the direction, and then if there are – I guess the second part of that direction is still a discussion about the budget overall, direction

overall on the budget and whether or not you wanted to provide some direction to staff now on that, or whether or not you wanted to wait until the 24th. Kind of seems like a long way off. One thing that Ms. Koenig and I talked about was just sending out a notice to staff that we're—we're back in a – in a spending freeze. And we will remain there until the property taxes start to come in in May, April or May. Mid-April.

C/M SLAWSON Well, I – You know how I feel so I'm not going to say anything more. I think we need to tighten it with temporary cuts. We can make it through just to next quarter.

CITY ADMIN. KNIGHT The other thing I guess I should bring to the council's attention too is far as the building permits are concerned and the land use applications, those expenses that we used to have related to staffing, the building inspector position and the building official and your community development director work, the current planning work, those have gone from being fixed costs to being variable costs. Meaning that they are equal to the work that needs to get done. So if we have no work, we have no expense. But that will change when your community development director is hired on board.

VOICE Hmm.

MAYOR PRO-TEM BLAIR So I've only heard direction from one council member.
[pause]

CITY ADMIN. KNIGHT We need to extend – [the time]

MAYOR PRO-TEM BLAIR Yeah. Oh! Can you make a motion to stop the clock?

C/M SLAWSON So moved.

C/M S. DAVENPORT-SMITH Second.

MAYOR PRO-TEM BLAIR All in favor? [voices, "Aye"]

C/M JIM FLOWER Nay.

MAYOR PRO-TEM BLAIR So staff is searching for direction. We've had one councilmember weigh in. I think staff was looking for a little more input. [pause] At least let's—let's address the contract, negotiating the contract.

C/M JIM FLOWER It's a really ambitious contract.

MAYOR PRO-TEM BLAIR Any further budget items that are of potential or concern to council members? Or that share Councilmember Slawson feelings? [pause]. Okay. Then staff has direction.

CITY ADMIN. KNIGHT All right. Thank you.

[end of Audio File H-2b]

Discussion Item: Short-term Funding for WWTP

[Audio File H-3]

CITY CLERK/DEPUTY FINANCE DIR. KOENIG Since this report was prepared there's been a little change in the dollar amount. So let's just... *[trails off]*. Initially we had \$822,500 to complete the design phase of the wastewater treatment plant. The State has provided \$500,000 in funds which left us with a balance of \$322,500. Mayor Eslick contacted a couple of banks [and] discussed short-term loans with them. Coastal Community Bank has agreed to provide a short-term loan, interest-only, using our Certificates of Deposit. We had \$324,000 in CDs with Coastal. They're willing to use that as collateral for a loan. And at interest-only, short term, the term of the loan would match the term of the CDs, so this is only a one-year fix to allow us time to find permanent funding, or another source of funding for this.

But since we discussed this with Coastal Bank, the increase goes beyond what we have in certificates of deposit, and I'm not sure how much they're willing to negotiate with us at this time. So I'm going to let Miss Knight go through the dollar increases so you know what our total problem is now.

CITY ADMIN. KNIGHT Right. So I think basically what we're saying is, "We're back to the drawing board." And this brings me to the sensitivity that I've—that I currently have about out-of-scope work. So if you take a look at the—at the spreadsheet that Brown and Caldwell prepared, it kind of falls into two categories. On the first side of the sheet, which starts off with Task #100 – Did you need another copy of them?

MAYOR PRO-TEM BLAIR She just didn't get -- the first side didn't come through for her.

[Brief chit-chat about copies, etc., not transcribed.]

CITY ADMIN. KNIGHT So the tasks beginning with Phase 100 Project management, those—those expenses have already occurred. And there were two of them in here that came as a surprise to me. One was under Phase 500, the Pre-design, the Biosolids Handling Plan for \$10,500 -- and Tad earlier this evening touched on this a little bit – we currently have a problem with our biosolids. They're too wet. Even at the current "squeezing" apparently that we do *[chuckles from the group]*, it's not enough. It doesn't – it doesn't get enough rid—rid of enough water, which is why the centrifuge was discussed. And I don't know if council recalls, but last year we contracted with La Conner because Monroe refused to accept our—our solids any longer because they were too wet. So we're now having to haul them to La Conner. So this is an effort to try and determine what is our—what is our short-term and long-term plan for biosolids handling.

The second item that's on that list is the interim phase evaluation for \$7,500, and that was to look at were there any ways to minimize construction costs to alleviate some of the project funding concerns? So was there a way to come back and take a look at the plans and say, "Is there something we can do in the short term so we don't have to go all the way to construction, that can get us at least part of the way where we need to go?" So we decided as a city to go ahead with the original MBR design, and we will use that report as best we can, perhaps in the future.

So again, I'm going to [unintelligible] the council that I'm gonna check up with Ms. Dunn to find out how these things were approved^{vii}, and to ensure that in the future these types of things have to come to council first before staff just gives direction for the consultants to go off and do work that's outside of the scope of the original contract.

So those items add up to about \$46,500. Just take a look at page – on the second page of – just flip it over, you'll see the total cost down there at the bottom.

The bigger picture items that has the greater levels of concern are the design items. And these are things that are yet to be expended. And when I went through each one of these with the consultants and asked the question, "Well, why do we need to do this? So why do we need a plant watering system?" and you can see the scope of work didn't initially include one – so there was a thought that maybe we could do some things in one way [but] it turns out that we're not going to be able to do that. And so now we have to do a redesign...to incorporate that plant water system design. That's \$13,000. The centrifuge that Randy [Oesch, the WWTP Manager] talked about earlier this evening, that's \$15,000. The maintenance building, which is kind of interesting: Originally it was thought that – it was assumed that the maintenance building would be either in the existing equipment building or in the new solids building, so we were hoping to save some money there – however, the equipment building is now going to be needed to fit in the plant watering system, and the solids building doesn't have the ability to drive vehicles in. So we're going to have to add in a maintenance building. That's \$35,000. [pause] Did you have a question?

C/M SLAWSON I'm on the wrong page.

C/M JIM FLOWER \$35,000 for the design. That's not for the building?

CITY ADMIN. KNIGHT Apparently not.

MAYOR PRO-TEM BLAIR And in our subcommittee level, we would—we completely discussed the use of the existing, um, mainten—or the existing building as a maintenance building.

C/M JIM FLOWER There must be some kind of Twilight Zone thing going on here, because everything that we set aside or [unintelligible] for...was disregarded from this [unintelligible] tonight.

CITY ADMIN. KNIGHT So you're talking about at the subcommittee meeting?

C/M JIM FLOWER Yes. I mean I don't know why this – why do they ask us these questions: "The way you want [it]? We need these answers tonight so that we can move forward with the design." And then they come up with something completely different and they say, "Oh, by the way, this is all out of scope and it's going to cost you more money."

^{vii} The contract with Enviroquip's MBR design was approved by Council at its Sept. 13, 2007 meeting. (Link to agenda document : http://www.ittakesgrit.org/COUNCIL%20PACKETS/070913_A10_MBR-Procurement-contract.pdf ; listen to audio: http://www.ittakesgrit.org/AUDIO-MP3/070913_H-10_Action_MBR-Procurement-Enviroquip.mp3 Contract was unanimously approved. ALSO SEE: May 10, 2007 council meeting, Action Items #2, Res. 07-10 MBR Procurement, and #3, Brown & Caldwell contract amendment.

CITY ADMIN. KNIGHT What I might suggest is that Bill McCarthy was intending to be here all evening, but then was not feeling well and so [he] went home early. So maybe what we need to do is bring back the consultants and have a walk-through about these individual design items before we go ahead and give, um, notice to proceed. And that in turn would allow us, then, more time to take a look at the funding that might be necessary.

MAYOR PRO-TEM BLAIR Yeah. Because the confusion is they were putting the current Aqua Building, as they were calling it, as being the maintenance, maintenance facility. So, okay.

C/M SLAWSON [unintelligible] they make their money. It's a low bid.

CITY ADMIN. KNIGHT Well and that's why again I—I've become very sensitive to the out-of-scope work and just want to make sure as we proceed with this project that everybody's very clear about—about where we're at and what's left to be done.

C/M JIM FLOWER I'd like to be clear about something. If we need to be clarified on something, and we ask them to come back, do we get charged again because they came back?

FEMALE Um-hm.

C/M JIM FLOWER Because they didn't...

FEMALE Um-hm.

CITY ADMIN. KNIGHT I'm sure in this case I could get them to waive that. Normally I believe that they would, but...I would ask them to come back gravis, because these are items that the council wasn't aware of, and Bill did have to leave earlier this evening.

C/M JIM FLOWER Okay. Thanks.

CITY ADMIN. KNIGHT Okay. So do you want me to continue kind of going through this list so you have an idea of what the issues are? Or do we just want to go ahead and schedule them in for—to try and get them back here on April 10th?

C/M SLAWSON [unintelligible] \$155,000.

CITY ADMIN. KNIGHT Okay.

C/M CHAMPEAUX Schedule them in.

CITY ADMIN. KNIGHT Okay. So we'll schedule them to come back and—and work us through those changes. Okay.

MAYOR PRO-TEM BLAIR I'd like to see them share those same concerns.

CITY ADMIN. KNIGHT Believe me, I was equally...dismayed. And I haven't even been close to this project.

MAYOR PRO-TEM BLAIR So where does that leave us in the funding?

CITY ADMIN. KNIGHT In what ?

MAYOR PRO-TEM BLAIR Funding.

CITY ADMIN. KNIGHT Well, I—I think that we're gonna – it's gonna be – it's going to be a two-pronged approach, which is we will go back and look to see what we— what we can raise in additional short-term funding, and at the same time have Brown & Caldwell come back and talk about where we're at with the scope of work.

C/M JIM FLOWER We [unintelligible] wet biosolids. *[laughter]*

CITY ADMIN. KNIGHT Nicely put. Nicely put.

MAYOR PRO-TEM BLAIR Okay, any more discussion on that particular item?

[end of audio file H-3 and END OF TRANSCRIPTIONS]

[*\[BACK TO TOP\]*](#)