

**TRANSCRIPTION EXCERPTS:
CITY OF SULTAN APRIL 24, 2008 COUNCIL MEETING**

- *Discussion re Funding/Financing to complete Sultan's WWTP Design*[see first item below]
- *Comments by City Administrator D. Knight* (re SBR closure for improvements and Stormwater Utility Group's recommendations)
- *Closing Public Comments by L. Storm and K. Arndt*

DISCUSSION RE FUNDING/FINANCING TO COMPLETE SULTAN'S WWTP DESIGN

AUDIO FILE G3a: Discussion Item - Funding of Design for Wastewater Treatment Plant

City Admin. Knight The issue in front of the council is a discussion of how to move forward with the Wastewater Treatment plans. And we had talked about this issue a number of times. And as we've talked about it, conditions have changed. And we have Eric Geisbrecht of Brown and Caldwell specifically because the council had asked some questions about the out-of-scope design items and we're looking for some follow up just on what those items were, how the cost estimates had come out, and how that might affect the overall project. And as Mr. Arndt had mentioned earlier in the evening, when we had met back in February the staff recommendation at that time was [to] proceed forward and to authorize staff to go and look for some loan money in order to close what we thought was a \$322,500 lack between what it is that we needed in order to – what we had currently and what we needed to finish the design. And when we came back and talked about the architectural design, we also at that time talked about the out-of-scope design items. And together what has happened is that the cost has gone from what we initially thought was \$822,500, less the \$500,000 that we had from the State, meant we had a lack of \$322[,000]. When we add on the design items – and we had talked about what to do about going back and upgrading our engineering report to our facility plan, and applying for State Revolving Fund loans [from DOE] and then also talking about applying for Rural Development loans, when we add all that together it comes out to be – and this is listed on Page 2 -- \$1.3 million. Much different than \$322,500 that we had originally talked about. And that's why we're back in front of you this evening talking about alternatives.

In addition, when we had originally put together the budget we were looking at 33 single family residential building permits and a part of that money was going to be used to pay off some of the loans that we have. Now we're looking at the level of activity that is happening, not only here in Sultan but across the state and across the nation, and we're recommending that we reduce that expectation from 33 building permits to 11. And it doesn't look like we're going to be picking those up next year, it looks like this will continue for at least 18 months and maybe even longer, to 36 months. I'm optimistic, I'm thinking 18; other people are thinking twice that long.

So we wanted to come back to council and say, “Here’s where we were. We started this wastewater treatment plant, the engineering design, and moving forward with the procurement process because you have a long of people that were waiting for—for permits, and a line of people that were interested in development—developing in the Sultan community. Well, you’ve issued connections certificates for 400 building permits. And we have very little activity. We have 11 that were thinking of coming through the door. In addition, your plant currently has the capacity for about 350-plus ERUs. So you still have capacity available. And the question is, until those connection fees come in, you’re not going to be able to pay off any loan monies that we might borrow. It’s going to be difficult: as Ms. Koenig mentioned earlier this evening, you already are carrying \$4.2 million in debt for your sewer treatment plant. And thinking about adding on more debt when we’re already struggling to make the existing payments, is a difficult thing. And I think as a staff group and talking with the mayor, we all are really struggling with this decision because we’ve worked so hard to get to where we are today. We put a lot of effort into this and a lot of money, and the thought of having to slow it down or delay it, as we’re proposing, you know, in the alternatives for moving forward, it’s—it’s just a difficult decision to make. But after talking about it amongst ourselves with the staff group and again the mayor, it seems like the most prudent thing that we can do is not to take on any more debt at this time, continue as best we can to keep this project kind of inching forward.

So just to take those alternatives on the first page of the staff report, Option #1 is to do 50% design, which would mean we’re just gonna basically close down the project about where we are now. Because 60% design is going to be complete here in the next couple of weeks. *[to Geisbart]* [is] that fair to say?

B & C Rep. Geisbart We agreed *[unintelligible]* .

City Admin. Knight That – because we’re currently on hold while we try and make this decision, so we’re not spending any more money. If we take Option #1 – and I apologize ‘cause this isn’t fair clear, I see now, on the staff recommendation, we would save ourselves \$245,000, because we’ve received half a million dollars from the State, and the costs to quit right now would be about half that amount. So we’d be left with \$240,000 just hold—put that on hold. This sheet right here –

C/M S. Slawson [interrupting] Is—is—is the State gonna be upset? I know that we got this money this year. And now...is this gonna affect what the last two years that you and I and Kristina have gone – and the mayor has gone down [to Olympia during the legislative session] and pleaded our case for the wastewater treatment plant, is this gonna basically put us on the back burner with the State? *[end of Audio File G3a]*

[Back to beginning of file]

[AUDIO FILE G3b \[click to start\] – continuing discussion re WWTP Financing](#)

City Admin. Knight I think if we choose Option #1, it would. And it’s a concern I have, even with the option that we’re proposing – Option #4. Although we do spend that money to complete the solids plant, and we do move forward with constructing the solids plant under Option #4, so I think we’re in a better position. But I share your concern with

what we – what we wanted to ask from the State was, “Let us finish the design this year.” And we were tasking for \$1.5 million to do that, they only came back with a half million [/\$500,000]. So I anticipate that we’d like to strategize to go back to the State for the remainder of the money for the design next year so we can complete the design next year and move forward with construction. Ideally, we’d like to finish the design and ask for construction money. I mean, that would put us in the best position. What that entails, or requires, that we spend a lot more money than I think we currently have the capacity to pay back.

C/M S. Slawson But we have been basically lobbying to...get the funds for \$5 million for the last two years, have we not? Is that what we’ve been doing?

City Admin. Knight Right and –

C/M S. Slawson So we have—we have a lobbyist that’s down there...doing the same thing for us [unintelligible].

City Admin. Knight Right. And—and that’s what I’m saying. I think we get into the best position if we move forward on the design, complete the solids plant, and go back to the State again next year.

C/M S. Slawson Perfect for me.

City Admin. Knight Right.

C/M S. Slawson Who’s going to Olympia with me next year? Always. It’s kinda fun. Just run around in the rain....

C/M K. Blair You know, it—it’s somewhat of a long shot there. We [clears her throat, pauses] if we do that and—and with the expectation that yes, we did some minor improvements and we’re 50% complete on our design, maybe 60%, but that’s as far as we’ve gotten.

City Admin. Knight Right. And I think, you know, what we’re going to have to say is like everyone else, we were basing our expectations on a certain level of building permit activity. And through no fault of our own, that activity has slowed down not just in Sultan but across the state. And it’s our intent to continue to move forward and we’re continuing to pursue this design and continuing to pursue that part of the design where we had the greatest problem right now, which is not a lack of capacity, ’cause we have capacity at the plant. Our problem right now is solids. Our solids are not as dry as they could be, and there’s a shortage right now -- like the shortage everywhere else, it seems, like for everything – but there’s a shortage of sawdust. And so disposing of our solids is going to become more and more difficult and more and more expensive. And that really concerns me. Because that’s an operations issue. That’s an operations cost. And we can reduce that operations cost and become more efficient if we can complete that. Not only that, but that solids building is part of the design package that we currently have, and so we show we’re serious, we’ve put our money forward into construction and what we’re needing is to finish the rest of the plan in order to be prepared when that development finally occurs.

C/M S. Slawson It does make sense.

C/M D. Doornek Is there a cost to – I was wondering if there's any cost to having it starting up after a 50%...

Male Oh yeah.

C/M D. Doornek ...and what they are and will they affect it?

City Admin. Knight I'm sorry?

C/M D. Doornek The question was – at -- if we stop at 50%, what—what are the costs for—to--to restart? Are those going to be the costs? Or there's going to be additional costs? Or how is it going to affect me? Us?

City Admin. Knight And that's a [unintelligible] that Mr. Arndt raised as well. If you take a look at option #2 and it talks about the additional costs for startup -- and that's listed at \$25,000 – and under Option #4 I guess I'd have to turn back to the consultants and ask whether or not they did any better number-crunching on that. I imagine, as a Mr. Arndt does, that \$25,000 is probably at the low end. And the longer you wait, the more expensive it's going to be. And it's one of the things that we were talking about, and what you see in front of you is the phasing option. So [we're] trying to keep the—the project moving forward as best we. But I can talk to that person and see whether or not – [to Geisbart] – do you have better costs on.... [trails off]

B & C Rep. Geisbart On what it's going to take to reactivate?

City Admin. Knight To reactivate under Option #4.

B & C Rep. Geisbart I think you captured it well by just saying it kind of depends on how well the design is set down. We put in there an estimate of \$25,000, assuming maybe it's set down for six months. That means that we probably [will] have the same staff available to work on it and so forth. But the set-down for a couple of years, that changes it. We'll just have to do a cost complete at that time. Twenty-five thousand was an estimate, looking at maybe six months of setting it down.

Mayor Eslick Any other questions for Deborah?

C/M S. Slawson So the loss of that grant really affects us now?

City Admin. Knight The Public Works Trust Fund loan?

C/M S. Slawson Yeah.

City Admin. Knight Very much so. Because I think we're gonna end up in the same situation when we go to construct the plans. And that – I mean, the solids building for two and a half (sic) – we're still going to have apply for that money if it's Public Works Trust Fund loan money in 2009 for funding in 2010. Now, again, looking at completing or updating the engineering report to the facility plan, and updating the SEPA – that's the State – to the NEPA, which is the federal, would then put us in a better position to apply for funding when everything gets complete. I mean, we wouldn't have to go back and pre-start that part of the process again.

C/M S. Slawson So for – [unintelligible] those questions. So if we stop this, how does it affect any other grants we may get...in the future?

City Admin. Knight Well keep grants and loans separate. Because grants are really not available for this project. We may be able to get a Rural Development grants (sic) that are available, but they've mostly moved over to loans. And [the] State Revolving Fund again is going to be loans. And that's where the concern comes in, is where's the money to repay those loans? And even if you take the \$4.2 million that we have today in debt service, we're talking about adding on – even with the solids building – another \$2.5 million.

C/M S. Slawson As Mister—[sounds like, “Miss John”] said, maybe we should go ask a little bit around, to see if we [someone] might....would like to invest in the future of Sultan¹, maybe? [chuckle from someone] I know you guys don't like that, but you know.... This is between a rock and a hard place right here. This is a good one. And I like this.

City Admin. Knight Well, and I think that's why, from a staff perspective, and again, you know, the mayor's perspective as well, is that we're trying to find that option that limits our liability for debt and yet keeps the project moving forward. And I think at this point that's the best thing that we can do. It's, I think, in my personal opinion, better than putting the project on hold at 50% and walking away at this point. I really would—would not like to see that. Ultimately I'd like to see us finish the design and be able to put it to rest as we had originally hoped that we could do.

C/M K. Blair I have a question. We – if—if we're... looking at the solids handling building, but—but the remainder of the design, we're going to slow down significantly, shall we say, do we really have enough information to even perform the SEPA and then upgrade to the NEPA? Because we didn't even do the SEPA. And—and—and did we – And then my understanding is that that material, then, is only valid for two years? Is that right?

B & C Rep. Geisbart We talked to [sounds sort of A. L. & Sons -- ??] who is doing the NEPA-SEPA, or who would be doing the NEPA-SEPA work, and they said that document would be good for “a couple of years,” is the way they phrased it. And if—if it waited that long before you actually waited that long before you actually went in for an application, there might be a little bit extra effort involved to—to freshen it up if it was put on the shelf for that long. But it was – if you're going out for these applications within two years, you could do that this year and it'd still be good for a couple of years. And you have the information – yes, to answer your question on that, for the total project we would have enough information to develop those documents. You just wouldn't be able to go out for SRF [State Revolving Fund loan from DOE] funding until you had an approved plan set.

C/M K. Blair Okay. And one [unintelligible] architectural design?

B & C Rep. Geisbart We actually sub out the architectural design. We just do the, uh, wastewater treatment side of it – process, mechanical and all the other disciplines that [unintelligible] .

¹ In “Sultan-speak” this suggestion means taking “donations” from Sultan developers. Which, of course, just as with the “free” three-month county sheriff police services, means no strings will ever be attached or other future favors or considerations will ever be given to that “free” donation of millions of dollars in funding.

C/M K. Blair And—and you—you further have different portions of *[unintelligible]* that do different, uh... more along the lines of the capital facilities planning and elements, things like that?

B & C Rep. Geisbart We do have a couple of planners, but we're mainly design on a project like this.

C/M K. Blair So in your experience *[sounds like she says, "in design and receiving"]* other creative funding opportunities that we are possibly overlooking?

B & C Rep. Geisbart I think that Bill McCarthy, who's not here tonight, has worked with the city staff quite a bit on looking at that. And I think that *[unintelligible]* to the plan, turning over every rock they can. And I don't know if there's any magical answer out there. But we have seen other projects faced with this exact situation, where things change; the project does—isn't needed as much as it was, and so the phasing *[sounds like, "chips"]* and parts of it are put on the shelf for awhile and get *[picked]* back up later. So it's a matter of developing a phasing for the project that fits the actual *[sounds like, "lead in"]*. That happens.

C/M K. Blair And I think we will be looking at some things in ourselves, certainly. I had another question, though, that just kind of came up while you were talking and *[I]* was paying attention to what you were saying. *[End of audio file G3b]*

[\[Back to beginning of file\]](#)

[AUDIO FILE G3c \[click to start\] - WWTP Financing, Continued](#)

B & C Rep. Geisbart What do you want to know?

[Because C/M Blair did not ask her question, it sounds as if the audio has been edited. It has not. C/M Slawson just asked his question before she could.]

C/M S. Slawson I have one question for you. What that – I know that Gold Bar's trying to build a wastewater treatment plant? *[pause]* And they want to? Gold Bar does?

Female Really?

C/M S. Slawson Yep.

Female When did that *[unintelligible]* ?

C/M S. Slawson I think they're working quite hard on that. It was in the newspaper in the Herald, wasn't it?

L Storm *[From the assembly]* I think they were working on it, but I don't think it's gonna --

C/M S. Slawson Okay. It was just in the newspaper recently. Um, and they – there's some growth that they wanted to have they can't do, probably, because they don't have sewers. Is there any thought of maybe Sultan...up through the valley, trying to work together as a group there and...making a wastewater treatment plant that works for multiple cities?

City Admin. Knight Yeah. We talked a little bit about that when we were having our joint meeting and talking about water and sewer service for the comprehensive plan and whether or not that was an alternative. And at that time, I think the discussion kind of wound up realizing that in order to have a joint plant, at least one that started in Sultan and delivered services up to Gold Bar, you'd have to pass through a considerable distance of unincorporated Snohomish County. And at least at this time, that's just simply not a reasonable expectation.

C/M S. Slawson You mean I'm [unintelligible] happened? C'mon.

C/M J. Flower Well, I might [unintelligible] I was involved with this from the beginning. That question is at least two years' old, and back then it was cost-prohibitive to tightline all the way through Startup into Gold Bar. They would be far better off trying to develop their own system. I don't know the terminology for that type of system, but it's essentially a community septic system, water table-based. It doesn't discharge into the river because they don't have the hydraulic flows available for a dissolution zone. But tightlining between here and Gold Bar was just so cost-prohibitive as to not be looked at again.

C/M S. Slawson The reason I ask is I did read something that they were having issues about, you know, developing an area in their UGA map, 'cause they did not have sewer sys—sewer available.

C/M J. Flower I believe that....the model that they would be looking at is similar to what is being used at Stevens Pass Ski Resort, where they – it is an MBR system, but the discharge goes into the ground, not into the river.

C/M B. Champeaux I don't think that they can discharge into the river [unintelligible] somewhere around Sultan here, and then east to where they can't discharge into the river again.

C/M J. Flower Wild and Scenic river?

C/M B. Champeaux Probably, yeah.

C/M J. Flower That could be, but I do know that there's also hydraulic volume issue[s] with what they want to do.

C/M K. Blair And there were major issues about traversing through unincorporated –

C/M J. Flower Yes.

C/M K. Blair -- Snohomish County. They did not want [unintelligible]. I—I came up with the other question that I wanted to ask. And that was, in your experience, how often have you seen developer contributions assist cities in [unintelligible] plans like this, that you recall?

B & C Rep. Geisbart My personal experience, I—I haven't seen it. But that doesn't mean that it—it hasn't happened or that Ron [sounds like, "all ville"] hasn't seen that. I assume you're talking about beyond the connection fee?

C/M K. Blair Um-hm [affirmative response]

B & C Rep. Geisbart Yeah. I – all I can say is I haven't seen that personally, but, uh...you can ask Bill McCarthy if he's witnessed that.

C/M K. Blair Okay.

B & C Rep. Geisbart It might be.

C/M J. Flower Stranger things have happened. An anonymous donor kicked in half a million dollars to save [unintelligible] Bridge. So, you know, it is a possibility.

City Admin. Knight And we actually met with Brown & Caldwell and staff and funders from rural development and the State Revolving Fund and the Public Works Trust Fund loan and the development community a couple of different times², looking for, you know, is there a way to put together a package, either through a latecomers agreement or through developer agreements. And we just were not able to pull everybody together. And I think part of the reason is, is again because the market downturn. Simply everybody right now doesn't have a lot of money. They're holding onto the things that they have and they're willing to step up to the plate and—and invest at this time.

C/M B. Champeaux I'm glad this is a discussion item right now and we're not actually voting on this. We need to, as a council and staff, determine how important this whole project is, moving forward, to us and to the city before we make a decision. I would encourage staff to continue looking at every possible way to—so we can raise money. I

² The “couple” of times the City has met with developers re WWTP funding/donations is an understatement. Here's the low-down. From January 2006 through the fall of that year (under Mayor Tolson's Administration and direction, and, we understand, under the City's council full knowledge and concurrence), the City spent substantial time and funding working with Snohomish Co.'s Planning & Development staff convincing them of the City's financial ability to support the capital infrastructure (sewer plant improvements, mostly) necessary for the City's request to enlarge its UGA north of 124th. Much of this is documented on the following website: http://www.ittakesgrit.org/Donation_30K_Sultan-2006-07-remand_Real-Story.htm [The then-proposed 200 homes at 124th Street S.E.'s quiet (western) dead-end has since been expanded to 350 homes; and the City's proposed Transportation Plan now stipulates and designates 124th's quiet two-lane rural road as a major arterial route, from its eastern terminus at 337th to its western terminus at that planned community, with an extension to intersect with Trout Farm Road to help accommodate the estimated 600-plus S. F. homes planned on that roadway.]

During the October 13, 2006 council meeting, then-interim Finance Director Gordon Hey “spilled the beans” re a \$30,000 donation from Sultan developers, a fact totally unknown by citizens, as well as council members, and was accepted by the City without the stipulated/codified legal process. In a February 2007 Council Meeting, this came home to haunt Mayor Tolson when he suggested the donation was not a bribe, it was more like “buying influence.” (Copy and paste the link that follows if the one above does not work http://www.ittakesgrit.org/ACROBAT/Transcription_Excerpt_070208_Council_Feifar-Ques-re-30K-donation.pdf)

Another example of a developer donations/funding attempt is a meeting organized by Ms. Knight for Nov. 20, 2007: http://www.ittakesgrit.org/WWTP_071120_city-state-developer-meeting.htm Meeting invitees included 124th St. developers, representatives from County, State and Federal WWTP funding interests, and others. Despite our best efforts, and those of other private citizens, to first determine time time/location of that meeting so taxpayers could “monitor” the proceedings, the public was specifically barred. In a conversation the afternoon prior to that meeting during a phone conversation, Ms. Knight told me that “certain meeting participants and ‘interests’ would feel ‘uncomfortable’ if we or other citizens attended. Additionally, Ms. Knight said she had serious concerns about how the transaction/discussions during that meeting would be “spun” on G.R.I.T.'s website.

have an idea [but] I'm not going to share it right now – it's kind of unpopular – but we need to look at every possible avenue that we can. And as a council, uh...try to determine over the next few weeks just how important this project is, or isn't moving completely 100% forward to our city and to our future. [end of Audio file G3c.]

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[AUDIO FILE G3d – WWTP financing, continued](#)

City Admin. Knight The one thing to keep in mind as we mentioned in the staff report and here this evening is that everything is on hold, waiting for the council's decision. And I understand that this has been new to you and we do need some time to absorb it. Their—their windows will begin to close, for example, on applying for State Revolving Fund money this year if we decide to move forward with the—with completing the design, simply because we were on an extremely tight—tight timeline to begin with, and...I'm not sure whether we would make it because our application would have to be done by October 31st – Is that right? October 31st?

Male Yeah.

City Admin. Knight Right. And that that – picking that deadline was dependent upon the council's decision that it made at a [unintelligible] meeting at the end of March. So you're only going to be able to make that deadline because you made that decision when you did. Now, we need to come back to you at the May 10th meeting the -- oh, May 8th meeting, excuse me – but I just want to make sure that everybody's understanding that. So if—if you're still wanting to think about it rather than saying this evening, you know, “Yes, we're good with Option #4” and, you know, proceed with the State Revolving Fund applications up-- upgrading the—upgrading the engineering report and other things...I'm just afraid that – I don't want – I don't want you to mis—misinterpret that we've got more time than we do.

C/M S. Slawson When's our next joint meeting with the Planning Board?

City Admin. Knight May 6th.

C/M S. Slawson Can we have a discussion on it then? [pause] Then we could bring it back –

City Admin. Knight We'd have to notice – regarding notice of the meetings...we'd have to have that if we're going to be taking action.

C/M S. Slawson [unintelligible] can discussion.

C/M K. Blair Both be discussed and the –

C/M S. Slawson --then we could come back and make an action item for the next full council meeting. Would that be acceptable for everyone else?

Voice um-hm.

City Admin. Knight You want to talk about some more [unintelligible] ?

C/M S. Slawson I think we should discuss it more because for me, I—I hate to see it go backwards after – there’s been so much hard work going forward that *[unintelligible]* lose everything, from my viewpoint.

City Admin. Knight And I’ve had—I’ve had several weeks to kind of digest this and come to the conclusion that I’ve come to and I realize I need to give everybody that amount of time, too, to think about it and digest it and figure out what the council thinks is the best approach.

C/M B. Champeaux *[unintelligible comment by C/M Champeaux, and others, and smattering of laughter]*

Female Sorry?

C/M B. Champeaux I said – I’m –I—I—I said I know what *[unintelligible]* bad things to *[unintelligible]* .

C/M K. Blair You know, it’s such a tough spot. I mean, it’s going to probably be 36 months before they really spring back in. And if we’re not prepared at that time and still at capacity to serve the development that is...chomping at the bit at that point.

City Admin. Knight Keep in mind though, that that 400 legal lots that are out there, and those will pick up first and we’ll have a warning sign. And you have 350-some-odd available ERUs. So it’s not like capacity is going to be an issue right away. And you will have finished your engineering, that’s taken some time. You’ve finished your procurement process, that’s taken some time. And really what it’s going to be is when those 400 buildable lots start to come through the door, that’ll be the time when we’re going to have to say, okay, you got the money, now we need to move forward.

C/M K. Blair That’s true. But I’m more concerned about *[sounds like either, “waiting on” or “weighing on”]* the possibility of not being able to pay the loan that we’re taking out. I do not want to be in a position of not being able to pay those back, getting into some deep water in that respect and having another audit finding. And that’s very serious.

City Admin. Knight And that’s why we’re recommending that we not take out any more money.

C/M S. Slawson That makes sense.

Mayor Eslick Sounds like we’ll bring it back for discussion on the – May 6th.

City Admin. Knight Anything else?

C/M Davenport-Smith I was just going to say *[sounds like, “and out of fund” or “out of finding”]* we do affects the ranking process for a State Revolving Fund loan.

C/M S. Slawson Trying to clarify, the May 6th discussion would be next Tuesday, correct? That would be –

City Admin. Knight Not next Tuesday but the following one. Next Tuesday’s 29th. The first Tuesday in May.

C/M S. Slawson Good. So I have another meeting I can plan on.

City Admin. Knight You do.

C/M S. Slawson I just love the meetings. Thank you. Sorry. I thought it was next week. But I have a meeting next Tuesday, though.

B & C Rep. Geisbart So then as far as the design itself, are we still on hold? Or do you wanna...push to some – at least some, say, 50% or 60% level, and then wait? Because we're—we're not quite there yet, but if—if we had, say, the next couple of weeks we can get to what we might call a 50% level. Do you want to at least push it to that point and then stop? Or should we just stay stopped? I don't know if you can make decision tonight.

City Admin. Knight [unintelligible] we're at with the Public Works Trust Fund loan.

B & C Rep. Geisbart I think there's right now on this spreadsheet, we're showing about 125 left. And we were thinking we could use that to get to this

City Admin. Knight Yes

B & C Rep. Geisbart -- nominal 50% level then kind of stop [unintelligible].

C/M S. Slawson Not – I... Yes, [unintelligible].

C/M K. Blair I'd like to go back to something that you brought up at the very beginning, and that's the \$400,000 out-of-scope expenses for project management money as pre-design or designer [unintelligible].

City Admin. Knight And I was going to ask [because] it's—it's on the list of things that you could go through tonight. Or if you're feeling like you want to kind of absorb what you've heard tonight, we can come back and talk about that, either at the meeting – the joint meeting – or the meeting at the 10th. Or excuse me, the 8th. I keep wanting to say the 10th, but it's May 8th.

Voices [unintelligible]

City Admin. Knight Okay. So come back and talk about it on the 10th. Where I got the 10th – it's stuck in my mind.

C/M K. Blair So – so you're still directing [unintelligible] that 125 [\$125,000], even though it takes into account some of that \$400,000 out-of-scope work? Is that what I heard you say?

City Admin. Knight No. The 124 [\$125,000] will complete the current design.

C/M K. Blair Okay.

City Admin. Knight And that's –

B & C Rep. Geisbart The Public Works Trust Fund loan.

City Admin. Knight Right. It's—it's what you've got left in the Public Works Trust Fund account.

C/M S. Slawson And we're going to use that to get to 50%?

B & C Rep. Geisbart Yes.

C/M S. Slawson 'Cause you're not there.

B & C Rep. Geisbart So we'll – we'll basically stop at a point so we're not going over that One Million loan amount.

City Admin. Knight Exactly.

B & C Rep. Geisbart And that would be about 50%.

C/M S. Slawson Okay.

C/M K. Blair Charitable donations are good.

City Admin. Knight *[unintelligible]* contributions.

[unintelligible comments by several]

Mayor Eslick Thank you. *[end of Audio File G3d]*

[*\[Back to beginning of file\]*](#)

STATUS OF SULTAN BASIN ROAD EXTENSION PROJECT *(These comments followed the City's Action Item #5)*

City Admin. Knight: I also just want to note that I provided for you – because I understand there were, there've been a couple of questions about what's going on with the Sultan Basin Road Phase three, the extension. The extension. And a couple of people have asked me, "What's going on with that project? How come it's not moving forward?" And my response has been your city engineer is extremely busy finishing those projects that are on our community development block grant list, our CDBG list. So what I wanted to provide you with this evening was a copy of the list of projects that the city engineer is currently working on. In other words, there are a lot of projects that *[unintelligible]* the Sultan Basin Road extension. And as soon as we get those knocked out this year, then we'll be able to turn our attention to that Sultan Basin Road extension.

The other thing I wanted to provide to you there, the pictures that you see in front of you, you approved tonight under [your] Consent Agenda, a contract with Web Engineering, and that is to do the Sultan Basin Road widening and sidewalk. And so I wanted to provide you pictures of where that sidewalk is missing, and what that project is going to be complicated. The city engineer also wanted me to share with you – and brace yourselves for this one – and we're probably going to have to come back and talk about it a little bit more before the project goes out to bid – he does not believe that that widening and sidewalk is going to be able to be completed without closing down Sultan Basin Road...for at least a couple of weeks.

C/M J. Flower Where's Jeff Beeler when you need him?

C/M S. Slawson So when do I need to take the vacation? *[chuckles]*

City Admin. Knight: Well, the one thing that we talked about, the city engineer was looking at – the city engineer and I talked about looking at contracts that have penalties

for not getting the work done on time³, for having the road closed for an extended period. We also talked briefly about – and again, this will be something we’ll bring back to the council – whether or not we wanted to include a “carrot⁴” so if you finish in advance, we’ll give you something in addition to a regular contract amount. So just kind of put that in the back of your mind, and we will be back in front of you probably in the month of June, talking about letting that out to bid and a contract with the successful bidder.

C/M S. Slawson One thing in the contract, you know, if it’s going to be like one lane maybe closed for many days or something –

City Admin. Knight: No. It’s going to be both lanes closed.

C/M S. Slawson Okay. Not even one?

City Admin. Knight: Not even one. Believe me, I’ve pressed to – that’s why I went out and took those pictures today, because I said, “Isn’t there any way we can at least keep one lane open?” And he’s saying not with the type of equipment that you’re going to have to have out there in order to install that wall. That’s the – Remember we went out to bid with this project last year? And the bids came back really high and we determined that we’re going to have to put that retaining wall in. So it’s going to be the equipment installing that retaining wall that’s going to be the problem for the project.

C/M S. Slawson Is there any culverts or anything on this side that may have to be *[unintelligible]* ?

City Admin. Knight: You know, it’s interesting that you should ask that question, because when I was looking at that picture afterwards I thought, when I was coming down Sultan Basin Road when we were driving back down the hill, I noticed that there were catch-basins all along the new sidewalk sections. But I didn’t bother to look to see where those sections ended. And I agree, I think if we take the opportunity to install that stormwater system, and assume—assuming drain it into the [stormwater holding] pond, that the water *[unintelligible]* capacity to hold it. That’s what we’re going to need to talk about.

C/M S. Slawson But does Wagleys Creek run under – you know, that little swampy thing –

[simultaneous comments, discussion; untranscribable]

C/M S. Slawson I asked about the culverts and catch basins and stuff. Does that culvert need to be...upgraded, resized? And so that equipment’s going to be big enough *[unintelligible]* ?

Mayor Eslick *[unintelligible]* a Connie Dunn question.

[brief, simultaneous of unintelligible comments]

Mayor Eslick She’ll be able to tell us how long *[unintelligible]* .

³ With all due respect to City Admin. Knight, and with tongue planted deep within my cheek, here’s my take: “What an original concept.” (Reinventing the wheel is something at which the City of Sultan has excelled.)

⁴ Ditto above footnote.

C/M S. Slawson Okay. *[unintelligible]* I mean, if we tear it all up....put the proper pipes in there and bite the bullet if we have to.

C/M K. Blair So we're talking about the same re-routing as the people *[taxpayers/residents]* were subjected to this year, this last year?

City Admin. Knight: And I arrived just as that whole project was kind of at its worst and continued on for several months after we thought it was going to be over with. Which is why we're talking about the penalties and the, and the...what's the opposite of *[unintelligible]*? I can't think right now.

[unintelligible voices]

C/M J. Flower I've been involved with tooling contracts where you just take a number – you know, you choose a date of completion. And then if you're ahead of the date you get \$1,000 a day bonus and if you're behind the date, it's a \$1,000 a day penalty. And however the number that works out, you know, for the scale of the project, it seems to be universally accepted in the industry as your carrot-and-stick approach. So if the company is enthusiastic and efficient they can make a lot of money on the project, but then it benefits the end user in that they are not inconvenienced anymore. So it's worth it

City Admin. Knight: I think we're going to have to offer something to the public when we say we're going to have to close Sultan Basin Road for a period of time.

C/M K. Blair I think we further need to mitigate the issues that they have with the road, the re-routing of the road. I mean, that's a county....county-maintained road to some degree. And some of the portions that we had issues with last time where there was gravel all over it and it was dangerous and....if we could...have a plan, or create a plan to help offset *[the problems]*.

C/M S. Slawson Could we *[unintelligible]*?

[Unintelligible comments]

C/M S. Slawson You know, usually when these guys are working, they have to clean the roads up and stuff, too. Maybe we can think of an alternative to the other road, even our own sweeper. *[unintelligible]* to the county and said, "Hey, we gotta keep this clean." 'Cause I know the county will try and work with you.

C/M B. Champeaux The gravel on the road *[the last time]* was from them hauling stuff from Timber Ridge.

[simultaneous comments]

C/M S. Slawson But the other gravel was the corner on Rice Road and 132nd.

C/M K. Blair People cutting the corner.

C/M S. Slawson Yeah. She was afraid to use her motorcycle on that one.

C/M B. Champeaux You would get into the culvert replacement, that's...*[unintelligible]* on that. *[delivered in tongue-in-cheek manner]* Jim, now if we had a stormwater utility in place, we'd have the funds available to be able to fix that culvert. *[laughter]*.

City Admin. Knight: You're feisty to day, aren't you?

C/M B. Champeaux You know what? I'm on your side on that issue so I'm just [unintelligible] .

C/M J. Flower However, Mr. Rossi promises culverts across the state.

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MISCELLANEOUS TOPICS: OFFER TO NEW HIRE (CITY PLANNER); TRACKING STAFF TIME (FOR EXPENSES)

City Admin. Knight: I just had a couple other things. I didn't get an opportunity. Do you mind if I take just 30 seconds? It won't even take a minute. I wanted to let you know that we're checking references for our **Community Development Director**, and we should have that wrapped up tomorrow. And with the mayor's approval, **we're prepared to make an offer.**

C/M Davenport-Smith And that was for which [unintelligible] ?

City Admin. Knight: That was for Bob Martin. Also wanted to respond to Councilmember Blair's question about **time tracking for staff** and wanted to let you know that we are beginning to implement that. We started with our Capital Projects. So we spoke with our city engineer today. He's showed me what he's done. Ms. Donna Murphy has already been working on that since January, since before January, actually. And we've got it on a couple of other staff as well. So we'll finish rolling that out for the other projects that we have and other things that we should be tracking time on. On the lot size for the [sounds like, "toning"] yard, I just wanted direction from council to come back and let you know what alternatives we have to do that. So if you give me direction this evening, we can return [with an answer].

C/M S. Slawson Can you also look up one thing on that [unintelligible] ? It is close to Wagleys Creek so make sure that we...follow all that stuff. I'm pretty sure you've probably checked that, but just make sure.

City Admin. Knight: What I'm not sure is -- I'm assuming it's a development regulation, which of course means that it's got that whole process where it's gotta go to the planning board and go to CTED and everybody else. So it's not something you do quickly. It'll take some time to get it done.

C/M J. Flower Well, no. This is a [unintelligible] lot that currently being used as a storage lot for vehicles. And so what the man is proposing is to use the same size lot, a storage lot for vehicles. The only difference is how the vehicles get there and how long they're staying. So I can't imagine going through a whole lot of red tape for this. In the interests of economic development, we should at least give some consideration there.

City Admin. Knight: We will explore the options and get back to council and let you know what you can do. On the **Stormwater Stakeholders**, we finally wrapped up the stormwater stakeholders group [unintelligible] , which I think actually it was very successful. They came up worth a lot of good ideas that I think we're going to be able to implement. And we'll be back before the council at the May 22nd meeting with the recommendations, both for the stormwater stakeholders group as a separate entity and

then the other alternatives that the council has to take a look at. So I'm very pleased that the stakeholders have come back with a proposal to implement a stormwater utility.

C/M S. Slawson Deborah? I was going to ask this *[unintelligible]* sat through all those meetings, how many alternatives are we going to have?

City Admin. Knight: We're going to have three alternatives. We've going to have a recommendation that was the original proposal, which is the \$350,000 budget. And then we have a second recommendation which was a proposal out of members of the stormwater stakeholders to charge the flat fee of \$12.35 a month. We still have to base it on ERUs but it's not a per-ERU fee. And the reason for that is you have to differentiate between a fee and a tax. If it's \$12.35 for everybody regardless of impact, it becomes a tax. And we're not allowed to tax. We can charge a fee. So there has to be a nexus between either the benefit or the...

Arndt The impact.

City Admin. Knight: Thank you—the impact -- *[to Arndt]* Boy, you're just—you're just *[unintelligible]* for me today – for the impact. And so that's why we have to charge based on ERUs even though it's not per *[unintelligible]* . The third alternative was the alternative that was recommended another group of the stormwater stakeholders and that was for \$100,000 budget, \$80,000 for operations, \$20,000 for capital, and the base rate for that started at \$5.75 and I think came up to about \$6.35 per month. Again, differentiating between different levels of ERUs.

C/M S. Slawson I'd like it for the record that there was (sic) citizens that were concerned and wished that their voice was heard that were not at the meeting, and they would like to make it known that they didn't want the citizens themselves to feel the burden as much as – businesses should pay their fair share also. This was brought to me at one of the meetings. So the citizens asked *[unintelligible]* said. I think the one *[unintelligible]* you brought that had the multiple one – 1 to 25 – was it that one that's going to come back?

City Admin. Knight: In fact, that's going to come back for options number – well eight – or \$100,000 option and the \$215,000 (sic) option are both based upon breaking it down by chunks of ERUs. So basically, anything less than one ERU would pay one rate; anything between 1.1 ERUs and 5 ERUs would pay a second rate; 5.1 and 10, a third rate. And it would just keep going up to the top. What's interesting is that when you take a look at the distribution, the majority of the properties, commercial properties are less than five ERUs.

C/M S. Slawson Was it – probably it's not a tax and it really wasn't that much.

Male *[sounds like K. Arndt]* And that applies to commercial owners right there?

City Admin. Knight: That applies to commercial only. Residential would pay a flat fee per month based upon the ERU. So you'd just say, okay, everything that's a single family residence will pay one amount. And then the proposal is for duplexes through four-plexes to pay 1.75 ERUs, so basically more than 1.9, less than 5 so they pay that same rate.

Male *[sounds like K. Arndt]* And no discussion for self-contained systems?

City Admin. Knight: Well, that's an interesting question. Because one of the questions from the stormwater stakeholders group was to eliminate the credit program, which is something that was proposed by staff and it's going to be a policy question for staff to determine whether or not they want to maintain that credit program or not.

C/M S. Davenport-Smith I just have one quick question on the credit *[unintelligible]* . When the original stormwater utility came together, we all kind of came up with that idea and thought it was a good idea and we based it off of what Arlington did. Did we actually talk to the City of Arlington and ask them how that's *[unintelligible]* ?

City Admin. Knight: You know, that's something that Connie Dunn would have done, so I don't know.

C/M S. Davenport-Smith You know, I will take that upon myself and take that to a *[unintelligible]* .

C/M S. Slawson I also talked to the lady that wrote it, 'cause she works in my department now. *[unintelligible]* .

C/M K. Blair I have a quick question on that. So the ERU for residential, that's going to be per tax parcel, correct?

City Admin. Knight: Yes.

C/M S. Slawson *[unintelligible]*.

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[SELECT] PUBLIC COMMENTS (NOT ALL COMMENTS WERE TRANSCRIBED)

Loretta Storm I'm pretty disappointed about the -- another contract with BHC, especially for water and sewer. This -- John Wilson in particular, he is the man that had a discussion with Josie Fallgatter during a sewer wastewater treatment plan workshop. And she pointed out that the population, the Capital Facilities Plan and the Wastewater Treatment Plan itself were inconsistent with the GMA and she said, "What can we do about that?" And he said, "Well, nothing. *The City will just get they're -- if they're deemed inconsistent, we'll just -- [it'll] just help us make more money --*" or I forget exactly how he phrased it, I have it on tape, I can drag it out -- "*the city will just hire me to redo it.*" And that's a quote.

[Almost- eight minutes of rambling, slightly-disjointed comments made by Mr. Steve Harris were not transcribed. The audio of his complete statement can be heard at http://www.ittakesgrit.org/Audio_Council-080424]

Keith Arndt It's good to see all of you [council] here. It's also good to see you all *[unintelligible]* . It's been a fun meeting. *[unintelligible]* 'cause it's been fun to watch you work. That's why I'm sad that I have to use the words I gotta use, which is: If the problem that you're facing over the wastewater treatment plant and the issues at hand, which seem to be bouncing from month-to-month regarding the funding, I hear the result of project mismanagement, as well as a combination of tragic circumstances, um...you got -- essentially Miss Knight was handed -- for lack of a better phrase -- a bucket of

biosolids. When she picked it up with both handles, it wasn't very full. Adding to that the complications regarding the election year last fall, Mr. Cisar's department, Miss Dunn's tragic circumstances, the complexity of the task, other personnel issues, legal issues involved with our sewer development task at hand, to her credit she is still taking this stuff on. Unfortunately, the bucket is full. It's been heavy for her to carry. And she's got some spilled on her. This, uh, \$500 buck worth – the \$500,000 in overcharges or extra tasks by these consultants, from my thoughts, we *[unintelligible]* design. But we don't. Recognizing she's been operating without at least one and a half people, key people, it's to her credit that she's been able to go on this far and still be able to wear white pants, you know? That is sad. It—it really is sad that nobody, not Miss Knight, not the rest of the staff, not the council recognizes the trouble she is heading for in being able to manage this project in getting this wastewater treatment plant done. I'm sad about that. I'm sad for you. I'm sad for the city that they're confronted with a financial issue that isn't just within this building. It's guys like Steve and his wife, it's guys like me, my family and anybody else who wants to do anything in this town, are fighting this big roadblock. That's the end of mine. Thank you very much.

[end of transcription]